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THE JERUSALEM POST

Vol. LIV, No. 16173 Monday, March 24, 1986 • Adar II 13, 5746 • Rajab 14, 1406 NIS 0.72 (Eilat NIS 0.63)

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Nasser not sure to be bank chairman

By PINHAS LANDAU
Post Finance Reporter

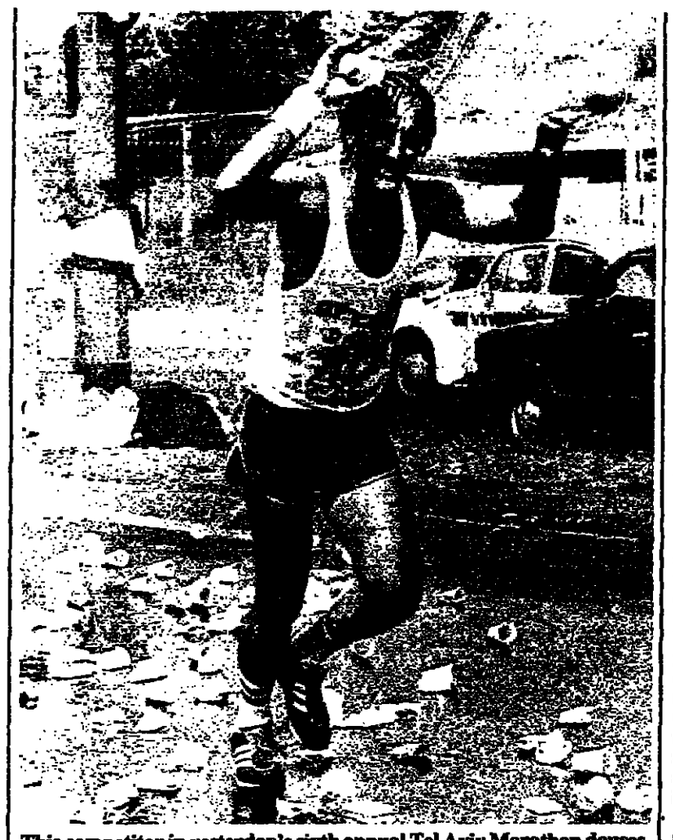
Industrialist Jack Nasser's victory in the auction for control of the First National Bank has not guaranteed him ownership of the bank. Furthermore, in view of his admitted lack of banking experience, even if Nasser's purchase is upheld by the courts, he does not intend to become chairman of the board of FIbi Holdings, the parent company of First International.

Nasser's plan is to appoint an Israeli with experience and knowledge of banking as chairman, and he has given other commitments to the Bank of Israel that will limit his freedom of action as owner of the country's fifth largest bank.

Well-placed sources in the Bank of Israel told *The Jerusalem Post* yesterday that legal and technical procedures must be completed before Nasser's winning bid in last Thursday night's auction can be translated into practical control. The Tel Aviv District Court, which is overseeing the activities of the liquidators of the Danot Investment Company's assets (of which the controlling stake in Fibi is the primary one) must approve the sale of the Fibi shares to Nasser for $21 million.

It has been suggested from some quarters that objections may be lodged with the court, and these would have to be heard and considered before the sale could be approved. While it is thought unlikely that any objections will be sustained, the legal process may still take time. As far as the central bank is concerned, as soon as the court gives its approval, "the Bank of Israel will issue the licence to Nasser," the source said.

The central bank's readiness to complete its role in transfer of the bank's ownership is the result of the understanding reached between it and Nasser. Within this framework, Nasser has undertaken to remain as owner of the controlling stake in the bank for seven years, and to increase his investment proportionately if the bank needs to raise more capital to expand. He is also bound by the limitation that the Bank of Israel imposed on Danot when it was the owner, that the bank may not grant loans to its shareholders. This stipulation prevented First International from losing money – and possibly being dragged down – when Danot applied last year for voluntary liquidation.



This competitor in yesterday's sixth annual Tel Aviv Marathon douses himself with a cup of water at one of the stations along the route. See story on Page 4. (Hanoch Guthmann)

Rabbis agreed 'unhappily' to synagogue visit by Pope

By HAIM SHAPIRO
Jerusalem Post Reporter

Leading European rabbis, whom Rome's Chief Rabbi Elio Toaff consulted before he agreed to the pope's visit to the Rome synagogue, were unhappy about the visit. But they felt that rejecting it after it had been suggested by Pope John Paul would be worse than letting it take place, according to Dr. Ariel Toaff, Rabbi Toaff's son.

Paramount in the rabbinical discussions, he said, were fears of violating *halacha*. On the other hand, he added, turning down such a gesture would have had a "very negative effect."

Ariel Toaff, a lecturer at Bar-Ilan University, told *The Jerusalem Post* yesterday that before coming to any decision, his father had discussed the matter at a meeting of the European Council of Rabbis in London a few months ago. As usual, he added, representatives of the Israeli rabbinate and American Orthodox rabbis had also attended the meeting.

Toaff denied that there would be any "joint prayer" by the two religious leaders. The pope is scheduled to arrive after the normal afternoon service. Upon his arrival, the *hazan* will chant appropriate biblical passges, Toaff said.

A Foreign Ministry source told *The Jerusalem Post* yesterday that Israel's ambassador in Rome, Eitan Ron, had been invited by Rabbi Toaff to attend the event and would be present.

Although the ministry is well aware that the visit is primarily religious in its implications, officials still hope it may also improve relations between the State of Israel and the Vatican.

Avraham Sharir (IPPA)

Secret Sharir talks with Peres on narrow gov't

By ROY ISACOWITZ

TEL AVIV. – Tourism Minister Avraham Sharir has secretly raised the possibility of a group of Liberal Party MKs combining with the Labour Alignment to form a narrowly-based government, according to well-placed sources.

In a meeting with Prime Minister Peres some 10 days ago, Sharir reportedly said that he would be able to bring seven Liberal MKs, including himself, into the government. In return, he has requested four guaranteed places on the Alignment Knesset list in the next elections, the sources said.

Peres made no commitment to Sharir. The feeling in Labour was that the establishment of a narrow government was not possible at this stage, the sources said. But Sharir's approach was not rejected and has been discussed by senior, Labour figures.

Behind Sharir's approach is the suspicion in the Liberal Party that the recent furore in Herut may prevent the planned merger of the two parties. Sharir's offer was conditional on the merger not going through.

"It's a joke," Sharir said when questioned by *The Jerusalem Post* several days ago. Asked whether he denied raising the issue with Peres, he replied: "There's nothing to deny. It's a joke."

Sources in the Prime Minister's

(Continued on back page)

Peres resists moves to balk at rotation

By ROY ISACOWITZ
Post Political Reporter

TEL AVIV. – Prime Minister Peres yesterday reiterated his intention of handing over the premiership in October to Vice Premier and Likud leader Yitzhak Shamir, despite pressure in Labour to cancel the rotation agreement in the wake of the recent aborted Herut party convention.

At the Labour Party central committee meeting yesterday, Peres and party secretary general, Uzi Baram pre-empted an attempt by a group of party members to have the committee decide on scrapping the unity government and holding new elections.

At Baram's urging, the central committee voted by a large majority to transfer the issue to the party's national convention, which begins on April 8. Baram's motion was supported by former MK Michael Bar-Zohar and the group of 104 members who had demanded yesterday's meeting.

The convention will discuss the terms of the party's continued participation in the government but will not necessarily decide if or how the coalition accord should be dismantled.

Addressing the central committee, Peres said that he would propose at the convention that Labour honour the rotation clause of the coalition agreement "if the Likud honours the other two clauses of the agreement" – namely, the pursuit of peace and economic recovery.

"The Likud says quite frankly that their main objective is rotation. I propose that we not make rotation the central issue," Peres told his party colleagues. "It may be difficult, but we must go through with it honourably and unhesitatingly."

But, Peres warned, "If our path is hampered, I will propose that we hold immediate elections."

Bar-Zohar argued that the unity government had accomplished all that it ws capable of. The Likud, he said, had flouted most of the clauses of the coalition agreement and therefore had no right to demand that Labour honour the rotation clause.

He derided the contention that breaking the agreement would damage Peres's credibility, saying the premier's accomplishments as prime minister would carry far greater weight with the electorate. "I fear what will happen to the country in 182 days if we do not put an end to the government," he said.

Peres chided Bar-Zohar for maintaining that Labour would acquiesce to a Likud policy after rotation. "If, after rotation, the Likud breaks the

(Continued on back page)

Treasury stalled in bid to get budget approved

By AVI TEMKIN
Post Economic Reporter

With only eight days to go to the start of the 1986-87 fiscal year, the Treasury is still stalled in its efforts to get an approved budget. The ministry says it is fighting potential excesses of $459 million over the approved budget framework, and further demands that could wreck its entire policy.

Prime Minister Peres and Finance Minister Moda'i are due to meet this morning in an effort to break the impasse. They will later meet coalition heads whom they are expected to tell that they must approve all legislation on new taxes called for by the budget.

Yesterday, the cabinet adjourned without deciding on outstanding items that include demands for additional sums by the Health, Defence and Education Ministries. At Peres's suggestion, the debate on the Health Ministry's demands are to be discussed only next week, during a debate on the Histadrut's Kupat Holim Clalit health fund's financial woes.

Treasury officials said yesterday that unless the cabinet and the coalition MKs move to get Knesset approval for measures involving the education levy, taxes on children's and pensioners' allowances, and National Insurance Institute benefits, there will be an unplanned excess of $277 million in the budget.

The officials also said that spending on subsidies is $115m. over planned levels, and that incentives for exporters are $35m. larger than expected. The excess in the defence

(Continued on Page 2, Col.2)

W. Bank land dealer to give bank guarantee

West Bank land dealer Shmuel Einav was ordered by the Jerusalem District Court yesterday to deposit a bank guarantee of NIS 3 million so that a court-approved lien on his property and holdings can be cancelled. Einav, who sold over 200 plots for a "build-your-own-home" scheme in Nebi Samwil and the Arab village of Ein Job, was taken to court yesterday by the Moreshet Binyamin Company.

UN No. 2 man meets Arafat, said to find no PLO shift

Post Diplomatic Correspondent

UN Under Secretary-General Marrack Goulding last week met PLO chairman Yasser Arafat, who reiterated the PLO's "traditional stands," according to Foreign Ministry sources.

The sources said that Goulding yesterday told Foreign Minister Yitzhak Shamir about the meeting and Shamir told Goulding that such meetings increased "legitimization" of the PLO.

Goulding had been asked 10 days ago, when last in Jerusalem, to inquire in Beirut about the fate of the two IDF soldiers and a number of Jews held captive there by Shi'ite groups.

Goulding yesterday told Shamir about his meetings with the leaders of various Lebanese factions, but Foreign Ministry sources remained tight-lipped about the content of those talks.

But the source stressed that Goulding's talks were significant because it was important for the Lebanese factions to know that major international bodies were interested in the captives' fate.

Some immigrants to serve only 120 days in IDF

By JOSHUA BRILLIANT
Jerusalem Post Reporter

TEL AVIV. – New immigrant males who came to the country single and aged between 24 and 28, will no longer have to serve 12 months in the Israel Defence Forces, according to new directives from Defence Minister Rabin.

Instead they will be called up for a maximum of 120 days for basic training and possibly other specified courses.

The regulation, which goes into effect on April 1, stipulates that men arriving here over the age of 48 will be exempt from service. Hitherto they have been drafted to Civil Defence units, a Defence Ministry spokesman noted.

The regulations will also apply to children of Israeli emigrants – provided they left Israel before their 15th birthday or were born to Israelis living abroad permanently.

EIGHT PAGES FROM SUNDAY'S
The New York Times
WEEKLY REVIEW
INSIDE TODAY

TO OUR READERS

From today, The Jerusalem Post will cost a little more: 0.72 agorot for the daily paper and NIS 1.30 for the Friday weekend edition. These increases, authorized by the Ministry of Trade and Industry, result from the rise in raw material costs, caused by European currency appreciation and increased labour costs. A 3 month subscription, with the paper delivered to your door, will now be NIS 71, 6 months NIS 134, one year NIS 255. We thank our readers for their continued support.

The Editors,
The Jerusalem Post.

Cabinet to discuss water shortage

10% slash in water usage urged

By ASHER WALLFISH and YITZHAK OKED

In the wake of this winter's drought, Agriculture Minister Aryeh Nehamkin reportedly intends cutting water consumption by 10 per cent, wth farmers likely to take an even bigger cut.

The government yesterday authorized Nehamkin to gazette emergency regulations on water use by industrial, agricultural and domestic consumers. Some areas of the country may even be faced with a shortage of drinking water, according to a spokesman at Mekorot, the national water company.

Meir Ben-Meir, Agriculture Ministry director-general, told reporters he was seeking a 15 per cent, or 200 million cubic metres cut in water supplies to farmers for the remainder of the year. "That will mean that about 350,000 dunams out of two million irrigated every summer will have to remain fallow.

"It will mean reduced farm earnings, fewer export dollars and less food for local consumption this summer. It's a blow for farmers, who have had several bad years in a row," Ben-Meir said.

Shmuel Kantor, Mekorot's chief engineer, wants even greater cuts in the water quota. He says people do not realize how dangerously low the water supply has fallen. Kantor says he wants a cut of 380 million cu.m. of water down to December and the arrival of next winter's rains.

"We will only be able to draw 160 million cu.m. from the Kinneret this summer instead of the normal 400 million cu.m.," Kantor said. "Even if we draw this relatively small amount of water from the Kinneret, by the end of the summer the lake will be at its lowest level, about half a metre lower than the minimum acceptable, minus 212.5 metres below sea level."

Mekorot spokesman Mordechai Yacobovitch told *The Jerusalem Post* that there might be shortages of drinking water in the summer if water levels of local wells drop considerably. Among the areas likely to have the most serious shortages are Tel Adashim and Nazareth; Beit Yosef and Neveh Ur in the Beit She'an Valley; and between Pekaot and Masuah in the Jordan Valley.

Tens of terror suspects are rounded up

By JOSHUA BRILLIANT
Jerusalem Post Reporter

TEL AVIV. – Security authorities have arrested scores of West Bank Arabs and one Gaza strip resident on charges of committing terrorist acts that have left at least eight Israelis wounded.

The suspects, all aged between 18 and 20, for the most part belonged to Fatah cells active in the Jerusalem and Ramallah areas. They are believed to have been responsible for a series of bombings since last September.

Authorities said the suspects' most serious attack was the September 14 bombing of a Dan bus in Bnei Brak which injured eight passengers.

The authorities allege that the terrorists were also responsible for the attempt to set off a booby-trapped van in the Mea Shearim quarter of Jerusalem eight days later, as well as a series of other incidents.

Authorities said a cell discovered in Jerusalem was responsible for three fire-bomb attacks in Jerusalem's Neve Ya'acov quarter in January and February. Several more terrorists arrested in Samaria are believed to have been behind the bombings of Israeli vehicles on the West Bank in February and March.

Women can now work night shifts in all industries

By TSIPI KUPER and BENNY MORRIS
Jerusalem Post Reporters

The cabinet yesterday cancelled regulations that have for two decades prohibited women from working at night in all but traditional "women's jobs."

The regulations, which had obliged employers to obtain Labour Ministry approval to employ women in night shift work (midnight to 6 a.m.) have long been regarded as discriminatory.

Likud MK Sarah Doron greeted the cancellation of the regulations as "long overdue." She said that the International Labour Organisation had years ago lifted the ban.

The cabinet passed the Women's Labour Law (Amendment No. 7) 1986, by 16 votes to 1.

The only dissenting vote was cast by Minister-without-Portfolio Yosef Shapira (Morasha), who said that "women shouldn't (go out to) work at all."

Until now, according to Dr. Nitza Shapira-Liba'i, the prime minister's adviser on the status of women, the law enabled employers to hire women without special permission, for night shift work only in what were regarded as traditional "women's jobs," such as nursing, and hotel and restaurant work.

In competitive industrial plants, employers had often used the law to bar women, lest they take jobs away from men, according to Doron.

Tomorrow
PURIM PAGES

Opec moots sharp cut in production

GENEVA (AP). – Opec oil ministers, in the eighth straight day of talks, said yesterday they were considering sharp cuts in production to push up prices.

Officials said a morning session had produced proposals to cut the cartel's total output 2-3 million barrels a day, but that no agreement had been reached.

A reduction, from estimated current Opec production of 17 million barrels daily, would be aimed at reversing the recent collapse of world oil prices, in some cases to below $12 a barrel.

The Opec ministers declared last Friday that they wanted oil prices to return to the $28 per barrel level that prevailed until December.

An agreement on an Opec production ceiling would mean little unless the ministers also decided which of them would cut production and by how much.

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23.3.86

	MIN. C	MIN. F	MAX. C	MAX. F	
AMSTERDAM	3	37	10	50	Cloudy
BRUSSELS	3	37	8	46	Cloudy
BUENOS AIRES	16	60	27	80	Clear
CHICAGO	-2	28	10	50	Clear
COPENHAGEN	3	37	5	41	Rain
FRANKFURT	5	41	10	50	Cloudy
GENEVA	-2	28	10	50	Clear
HELSINKI	-1	30	4	39	Clear
HONGKONG	15	59	16	61	Cloudy
JOHANNESBURG	15	59	27	81	Clear
LISBON	11	52	20	68	Clear
LONDON	8	46	11	52	Clear
MADRID	1	34	19	66	Clear
MONTREAL	-3	27	3	37	Cloudy
NEW YORK	-4	24	7	45	Clear
OSLO	0	32	1	34	Cloudy
PARIS	7	45	12	54	Cloudy
RIO DE JANEIRO	17	63	31	88	Clear
SAO PAULO	16	61	27	81	Cloudy
STOCKHOLM	0	32	2	36	Snow
TOKYO	2	36	5	41	Snow
TORONTO	-4	25	6	43	Cloudy
VIENNA	3	37	8	46	Cloudy
ZURICH	3	37	8	46	Rain

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THE WEATHER

Forecast: Partly cloudy, with possibility of rain tonight in the north and centre of the country

	Yesterday's Humidity	Yesterday's Min-Max	Today's Max
Jerusalem	67	13–18	15
Golan	48	14–21	16
Nahariya	—	—	—
Safad	55	15–20	15
Haifa Port	—	—	—
Tiberias	42	16–28	21
Nazareth	50	16–21	18
Afula	56	10–24	20
Shomron	58	15–20	16
Tel Aviv	67	16–22	22
B-G Airport	66	14–21	20
Jericho	39	13–29	25
Gaza	74	18–20	19
Beersheba	55	13–22	20
Eilat	38	16–30	26

SOCIAL & PERSONAL

Honduran Ambassador to Israel Moshe Starkman and Mrs Starkman visited the Hebrew University of Jerusalem on Thursday, where they were the guests of university vice-president Bernard Cherrick.

The Goethe Medal of Germany is to be awarded this evening to journalist and translator Chaim Issak by West German Ambassador Wilhelm Haas.

Kupat Holim presents hopeful budget

By MACABEE DEAN

TEL AVIV. – The Histadrut Kupat Holim Clalit's budget for 1986/87 will balance – for the first time in many years – if the government raises its participation in the health fund's expenses by between 5.2 and 6.9 per cent, Prof. Haim Doron, director-general of the fund said yesterday.

The budget of $834m. includes government subvention of $57m. or 6.9 per cent, but that the government would apparently give the fund only $43m., or 5.2 per cent, Doron complained, adding that he was still trying to obtain the full sum. "A few years ago," he said, government participation was 30 per cent."

Doron noted that complaints that the fund had not warned the public of its growing debt, now over $500m., were "nonsense."

"We screamed, shouted and pleaded with the authorities, but they turned a deaf ear. In this country, the only way to make the public and the government take any notice, is to strike, let the sick suffer, perhaps even die. Then you sometimes manage to get your point across."

Five prizes for 'Goat'

By GREER FAY CASHMAN

The film *Hiyuch Hagdi*, ("The Smile of the Goat") last night was named the best Israeli film for 1985 by the Public Council for Culture and Arts. It was one of the 17 Israeli films released last year.

The film also won awards for best director, best actor, best supporting actor and best cameraman.

Beirut peace marathon

BEIRUT (AP). – Three Europeans and an American escorted by Druse militiamen to protect them from kidnappers, ran with about 120 Lebanese athletes yesterday in the warm-up run for Lebanon's first Peace marathon next month.

They were Dutch Charge d'Affaires Eric Ader; his embassy's administrative officer Hans Moeller, American Phil Grant, professor of political science at the American University of Beirut, and Briton Jeremy Carter, an English teacher at Beirut's International College.

IN THE MAGISTRATE'S COURT FOR THE DISTRICT OF JOHANNESBURG

Held at Johannesburg — Case No. 014437/86. To: Cheryl Kennedy, an adult female of full contractual capacity. Of: The State of Israel. TAKE NOTICE that a summons has been issued against you in the above Honourable Court by Paul James Brink (duly assisted by his father and natural guardian, David Charles Brink), for the sum of R 2,800 (TWO THOUSAND EIGHT HUNDRED RAND) plus interest for damages suffered by the Plaintiff, and that an order has been made that the publication of notice of such summons shall be deemed to be good and sufficient service of the summons on you. You are required to enter an appearance to defend, on or before the 7th Day of May, 1986; and if you do not do so, judgement may be given against you in your absence. Dated at Johannesburg, this 21st Day of March, 1986. Michael Krawitz, Donenberg & Co., Attorneys for the Plaintiff, 27th Floor, Carlton Centre, Commissioner Street, P.O.Box 1124, Johannesburg. Tel. 331–1791/7. Ref: Mr. W. Sacks. ad053-31-F24

Taba talks reported to have hit an impasse

By BENNY MORRIS
Post Diplomatic Correspondent

The Israeli-Egyptian talks on arbitration of the Taba border dispute are at an "impasse" and no progress can be expected this week unless the Egyptians modify their positions, officials in Jerusalem said yesterday. The talks are to resume on Wednesday in Herzliya.

The officials said that "the gap over the *compromis* (the agreed document setting out the terms of reference of the arbitration) is as wide as ever after last week's talks in Cairo." The differences, according to the officials, related to "many pages" of the draft document.

The officials said that Egypt is still wedded to a rigid formula for the "question" – the crux of the *compromis*, stating what the arbitrators *must* determine. The officials believe that this formula would assure Egypt of winning the arbitration.

Israel, the officials said, wants a formulation of the question that would enable the arbitrators to consider evidence that would give Israel a "fighting chance."

The sides also failed to make progress last week on defining the "conciliation" stage that Israel demands as part of the arbitration process, the officials said.

This view is not shared by all policy-makers in Jerusalem. Some officials have recently voiced a much more optimistic note about the progress of the talks so far.

Foreign Minister Shamir yesterday instructed Ambassador to Cairo Moshe Sasson to raise with Egyptian Foreign Minister Esmat Abdel Meguid the publication of an anti-Israeli article in yesterday's *al-Gummoriya*. The article in the semi-official daily charged Israel with terrorism against the inhabitants of the administered territories and South Lebanon and was seen here as incitement against Israel's Cairo embassy.

At yesterday's cabinet meeting, Shamir praised Egypt's reaction to last Wednesday's terrorist attack against Israel embassy personnel in Cairo as "very good" and "appropriate." He said that the hospital in which the wounded were treated had been personally instructed by Mubarak to provide swift and expert treatment to the Israeli casualties. He also praised the "good" Egyptian media coverage of the attack.

Tourism Minister Avraham Sharir told the cabinet that the Egyptian leaders he had met last week in Cairo had expressed appreciation of Israel's official reactions to the security police riots in Egypt earlier this month. The Egyptians also said they had appreciated Israeli media coverage of the unrest.

Sharir, who spent most of his time in Cairo discussing tourism issues, said that Mubarak had instructed the relevant Egyptian ministries to cancel the requirement that Egyptians wishing to travel to Israel must have a special exit visa.

MKs question how Kulas got law degree

By ASHER WALLFISH
Post Knesset Correspondent

Two Knesset members yesterday asked Law Committee chairman Eli Kulas to explain to the committee how he got his law degree, and, if it emerged that he had been awarded it under controversial circumstances, as reported, to resign.

The two, both veteran lawyers, are Shulamit Aloni (Citizens' Rights Movement) and Mordechai Virshubski (Shinui).

Kulas is known to have failed one of his courses four times, and to have received his degree by special dispensation within the last few months in a manner which has sparked public debate.

Another veteran lawyer-parliamentarian, Dov Shilansky (Likud-Herut), reacted yesterday to the Aloni-Virshubski call, saying that since four separate investigations are due to be made of the allegations that Kulas got his LL.B. in a questionable manner, there was no sense in involving the Law Committee.

Shilansky told *The Jerusalem Post*: "The Law Committee can check nothing. It has neither resources nor tools for examining the allegations against Kulas."

Shilansky told *The Post*: "A Tel Aviv attorney has already asked the attorney-general and the state comptroller to check how Kulas got his degree. Today we heard the Hebrew University of Jerusalem was to check the procedure used. And the chairman of the Knesset State Control Committee, Prof. David Liba'i, himself a law professor and an Alignment MK, will raise the issue in his committee. That's enough probes to be going on with."

Yossi Sarid (CRM), who has lengthy parliamentary experience, told *The Post*: "Under the House rules, there is no formal procedure for forcing Kulas or any other committee chairman to give up his chairman's seat. But I would suggest that in view of the controversy he would do well to get a colleague to take over, till the matter is cleared up. And in the long run, there may be moral, rather than legal or formal grounds for asking Kulas to give up the chairmanship."

Eli Kulas (Uzi Keren)

Prof. Yitzhak Engelhard, dean of the Hebrew University's Law Faculty was quoted by Israel Television last night as denying that he had given Kulas preferential treatment. Engelhard stated explicitly that it was untrue that Kulas had failed his criminal law exam on four occasions.

"I related to Kulas's case as I have to that of many other students, and the way I would to any student in the same situation. I see no reason to give someone special treatment because of his public office; I also see no justification for a person to be discriminated against because he holds a public position," Engelhard was quoted as saying.

New view of C-o-L

By ROY ISACOWITZ
Post Political Reporter

TEL AVIV. – The Histadrut and the private sector employers agreed yesterday to examine the feasibility of monthly cost of-living increment payments according to a fixed, predetermined scale.

The proposal raised by the Coordinating Bureau of Economic Organizations, which represents the private employers, will be examined by a working team of two representatives from each side.

The team is to conclude its work within a few days, in an attempt to reach agreement by the end of this month, when the current C-o-L increment agreement expires.

But the Histadrut has not dropped its insistence on maintaining the existing system, according to which the increment is paid whenever compounded inflation reaches 4 per cent, or every three months.

The labour federation will continue to insist that the increment be 80 per cent of the inflation rate, but it is prepared to accept an inflation rate of between 6 and 8 per cent as a starting point.

The proposed new system would do away with the compound mechanism of the present system. Instead, the inflation rate would be determined monthly and the increment paid according to a fixed scale.

Employers' sources said last night that the new system would provide the flexibility needed to deal with high and low inflation.

TREASURY

(Continued from Page One)

budget could reach $32m., they said.

In addition to the forecast $459m. budget excess, the Health Ministry wants an additional $15m., and the Defence Ministry another $15m. for pensions for Israel Defence Forces war widows and invalids, Treasury officials say.

Moda'i again clashed with Health Minister Mordechai Gur at yesterday's cabinet meeting, when Gur accused the Treasury of reducing his budget by $15 million without any agreement on the matter. Gur demanded the issue be settled before April 1, to prevent a repeat of the health system crisis of last year.

Moda'i accused Gur of delaying approval of the entire budget. There was no precedent for such behaviour, he said.

Asher Wallfish adds:

During the altercation between the two, Moda'i said: "Just because one minister happens to be upset by the size of his ministry's budget, the cabinet's decision in principle on the budget cuts has still not been fleshed out, and we have been subjected to these interminable delays."

At this point Treasury budget director Aharon Fogel said in all fairness Gur had not been the only minister who had appealed against the cuts.

Gur chaffed: "The righteous of this world find others to act on their behalf."

Labour and Social Affairs Minister Moshe Katsav yesterday requested an additional budget of $39m. for vocational training to ease unemployment, and for improved facilities in old age homes, among other purposes. The cabinet agreed that the request would be discussed next Sunday.

Mr. Charles D. Lieber,

President of Lieber Publications, Lieber-Atherton, and Hebrew Publishing Company, all of New York, will visit Israel from March 24 to April 3. He will be available for

Meetings with Israeli authors and academic and general publishers.

He can be reached c/o Liff, 19 Weisl St., Tel Aviv, Tel. 246671.

ad042-31-F24

Israel Philharmonic Orchestra music director Zubin Mehta meets Industry Minister Ariel Sharon following last night's festive concert marking Mehta's 25 years with the orchestra. (Zoom 77)

Assad sets his terms for meeting with Fatah

Post Middle East Staff and Agencies

Syrian President Hafez Assad has outlined the terms under which he would be willing to begin a dialogue with the Fatah, the principal group of the PLO, the East Jerusalem Arabic newspaper *al-Mithak* reported yesterday. The paper is associated with PLO rejectionist front groups allied to Syria.

In Cairo, meanwhile, PLO chairman Yasser Arafat said it was up to the U.S. to break the deadlock in Middle East peace efforts following the collapse of Jordanian King Hussein's bid to bring the Palestinians into negotiations with Israel.

Arafat's comments to reporters followed three hours of talks with Egyptian President Mubarak, who is trying to reconcile Jordan and the PLO.

According to *al-Mithak* Assad is insisting that the PLO leadership issue a statement in Arafat's name praising the Syrian Army's role in the 1982 Lebanon War. The statement would also have to include an apology for the media campaign the PLO has waged against Syria since the organization's evacuation from Beirut in 1982.

The statement would also have to praise Syria's rejection of "capitulatory" solutions to the Middle East conflict, and affirm Syria's efforts to prevent the cantonization of Lebanon, the paper said.

Finally the PLO leadership would be required to criticize "reactionary" Arab efforts to pressure the PLO to accept UN Security Council Resolution 242.

Salah Khalaf (Abu Iyad), a PLO Central Committee member yesterday termed as sheer fabrication a report last week of a rapprochement being arranged between Syria and the PLO. The Kuwaiti newspaper, *al-Rai al-Am* had claimed that under the arrangement Syria was to release several PLO detainees.

Speaking to reporters in Manama, Bahrain, Khalaf vowed to "pursue and escalate the armed struggle" against Israel from bases inside Israeli-occupied territory.

"We will help our people within the occupied territory with all that we have," he pledged, conceding that the PLO was in "tight financial straits."

Khalaf complained about a "four-year-old financial blockade" of the PLO. But he lauded Saudi Arabia for fulfilling its aid commitments and the United Arab Emirates for partially lifting that blockade.

"Yes, we are suffering financially. But money is not everything," Khalaf added.

Khalaf said the PLO would help defend Iraq or any other Arab country in the gulf region against any military threat by Iran.

Khalaf said the PLO was seeking Pan-Arab solidarity as a substitute for the movement's efforts with Jordan for peace with Israel.

Khalaf defied King Hussein to unilaterally abrogate the Jordanian-Palestinian Amman accord for joint Middle East peace action.

Peres spurns questions, puts Katsav in his place

By ASHER WALLFISH
Jerusalem Post Reporter

Labour Minister Moshe Katsav had a run-in with Prime Minister Peres at yesterday's weekly cabinet session but failed to get his way, after Peres pulled rank.

Katsav asked how and why it had been decided last week that Energy Minister Moshe Shahal reply to a motion in the Knesset plenum about the impact of the Herut Party convention on the rotation agreement between the Likud and the Alignment.

Shahal's efforts to reply to that motion by Yossi Sarid (Citizens Right Movements) had created such pandemonium in the House that the session was adjourned.

Katsav also asked how and why Economics Minister Gad Ya'acobi had been assigned to reply to a motion about the situation in the depressed development townships.

Peres said he would not answer Katsav's two questions because Katsav had already leaked their contents to the media last week, and thus acted improperly.

Katsav, annoyed at Peres's answer, said that the premier had no right to dodge the questions, and charged that the reference to publication in the media in advance was no more than an excuse to cover up Peres's reluctance to talk about Shahal's actions in the Knesset.

Peres, annoyed in return, reportedly said: "Sir! You are the most politically oriented member of this cabinet. If you do not like my decision to withhold a reply, you may draw whatever conclusions you wish."

Katsav reportedly retorted, "I drew my conclusions a long time ago."

Last week, Peres was displeased at Shahal for having apparently exceeded his terms of reference in his reply to Sarid's motion.

Shahal distributed a four-page text of his reply speech an hour in advance, last Wednesday. The Likud MKs found this politically provocative, and thus deliberately stopped Shahal from speaking.

ILLEGAL. – The High Court of Justice yesterday ruled illegal a regulation featuring National Insurance pensions and child allowances paid to kibbutz members as taxable income.

With great sorrow, we announce the passing of our dear father, father-in-law, grandfather and great-grandfather

HARRIS SHATTENSTEIN

The funeral will take place in Cape Town, South Africa.
Mourned and missed by Sonia and Ivor Shattenstein and Family.

Hasavyon 8, Kiryat Hagana, Rehovot

The unveiling of the tombstone and a memorial service for

ABRAHAM SANDLER ז"ל

will be held on Thursday, March 27, 1986 at 4 p.m. at the Kiryat Shaul cemetery.

The Family

The seventh Yahrzeit Service for

Rabbi ABRAHAM MAYER HELLER ז"ל

will be observed at the Mt. of Olives cemetery, Thursday, March 27 at 12.30 p.m. Transport will be provided at 12.00 noon from the Jerusalem Plaza Hotel on request.

Frances Heller

Demjanjuk's lawyer: claims conspiracy

By BARBARA AMOUYAL
For The Jerusalem Post

A forged identification card and at least two witnesses who testified under duress and later recanted their testimony point to a conspiracy between the U.S. Justice Department's Office of Special Investigations (OSI) and the KGB to defraud American courts, claims Mark O'Connor, an American attorney here to represent suspected war criminal John Demjanjuk.

Justice Minister Moshe Nissim is to rule next week on O'Connor's request to represent Demjanjuk in an Israeli court, after consulting with the Chamber of Advocates.

According to O'Connor, the first secretary of the Soviet Embassy in Washington and the U.S. district court judge who ruled on the removal of Demjanjuk's citizenship and his deportation both admitted that key evidence against him had been "doctored."

"Valeri Kubanov of the Soviet Embassy and Judge Frank Battisti told me they knew of the forgeries, yet proceeded with Demjanjuk's deportation hearings in light of OSI and KGB pressure," O'Connor told *The Jerusalem Post* yesterday.

"Now the whole thing is happening all over again, here in Israel. Israel is put in a position of defending Soviet-supplied evidence to convict Demjanjuk of war crimes," the attorney said.

Justice Ministry officials yesterday denied O'Connor's charges and insisted that it was still "premature to publicly debate the intricacies of the trial."

In response to O'Connor's claim that the ministry had been influenced by OSI officials, a spokesman yesterday insisted, "Demjanjuk's extradition was solely our initiative and it came after nearly 10 years of intensive research and investigation."

O'Connor claims that interest in John Demjanjuk was first stirred in 1975 by an article in *The Soviet Way*, an English-language Soviet publication, that blasted the Ukrainian as a "Hitlerite henchman" and a "traitor to the motherland."

"The Soviets never accused Demjanjuk of being a Treblinka camp guard. They wanted his deportation because he had refused to obey the 'bullet order' obliging all Russian soldiers taken captive to kill themselves immediately," O'Connor said.

The attorney said the identification of Demjanjuk as "Ivan the Terrible" of Treblinka arose during U.S. deportation proceedings against Feodor Federenko, a former Soviet citizen who collaborated with the Nazis. Several witnesses in that case said they remembered Demjanjuk as being in the camp. This triggered the successful Justice Department effort to strip Demjanjuk of his U.S. citizenship.

O'Connor claimed that the Justice Department used Soviet-supplied evidence and witnesses' testimony to make a case against Demjanjuk – a combination of evidence which O'Connor insists is contradictory. "Witnesses say he was at the camp, while the Soviets insist he was a front-line soldier involved in activities against the Soviet Union," O'Connor said.

The Soviet-supplied evidence – an ID card allegedly issued to John Ivan Demjanjuk at the SS Trawniki training camp in 1941 – was a "blatant forgery," O'Connor said. The card purportedly proves that the former Red Army soldier was a Nazi collaborator.

The card is the link between Demjanjuk and Ivan the Terrible, accused of mass murder in the Polish camp in 1942-1943, O'Connor pointed out. "Without this document, both sides must rely on witness testimony. For every witness testifying against my client, I can supply a witness who will swear this is a case of mistaken identity," he told *The Post*.

O'Connor also claimed that experts had determined that the Nazis normally photographed people at an angle, and not full-faced, so that the ear and profile could be used as identifying features. The picture on Demjanjuk's ID card was full-face. Further, O'Connor said, experts had said the photograph had been airbrushed to erase an identification tag over the left pocket, as well as buttons at the throat and pocket flap.

"The writing on the card is not even German; it's...Slavic. Also, if you look closely, you'll see this is a standard Red Army tunic, and not a German Nazi uniform," the lawyer said.

O'Connor said he was prepared to bring two witnesses who originally testified against Demjanjuk to recant their statements in court, as they have already done in affidavits.

Responding to queries about an SS tattoo underneath Demjanjuk's left arm, O'Connor said that the tattoo had been given to all soldiers in ethnic units serving outside Germany to verify blood type. "Tattoos weren't given to camp guards who were in no danger of being wounded on the front, a fact which further serves to strengthen our case," he said.

"I realize this case shocks the conscience of the whole country," O'Connor said. "But I hope that the Israeli people are more bent on seeing justice done than on pinning generations of hate and revenge on an innocent man."

Peres denies signal on arms for Saudis

Prime Minister Peres yesterday denied that Israel had signalled the pro-Israel lobby in Washington to withdraw its objections to the impending U.S. arms sale to Saudi Arabia.

Peres, responding to a question at yesterday's cabinet meeting by Industry Minister Sharon, said that Israel continued to oppose U.S. arms sales to hostile Arab countries, including Saudi Arabia.

Golan Druse hold demo

By MENACHEM HOROWITZ
Jerusalem Post Reporter

MAJDAL SHAMS. – Hundreds of Druse demonstrated on the Golan Heights yesterday, with the most serious disturbances reported in Bukata and Masada.

The demonstrators chanted slogans against Israel and in support of Syrian rule. One Masada demonstrator waved a Syrian flag. A partial strike in the villages entered its second day yesterday.

Sugar costs more, but rice is cheaper

Sugar will cost 18 per cent more from today and rice 8 per cent less, the Industry and Trade Ministry announced yesterday.

The ministry also approved of a 10 per cent rise in the price of soft drinks.

In deep sorrow, we announce the passing of our beloved

Dr. GHEDALIAHU MOSER ז"ל

The funeral will leave from the Sanhedria Funeral Parlour, on Monday, March 24, 1986 (Adar B 13, 5746) at 2 p.m. The funeral will take place at Har Hamenuhot, Givat Shaul, Jerusalem.

The bereaved:
Wife, Selma
Daughter, Mira, and Family
Sisters, Esther and Frieda
and the family in Israel and abroad

With deep sorrow we mourn the passing of our beloved sister, mother, grandmother and great-grandmother

BLANCHE WEIL

née Bloch

The funeral will leave today, Monday, 13 Adar B, 5746 (24.3.86) at 1 p.m. from the Municipal Funeral Parlour, 5 Dafna St., Tel Aviv, for the Holon cemetery. We will meet at the new cemetery gate at 2 p.m. Shiva at 24 Hacarmel St., Ramat Hasharon.

Her Brother: Maurice Bloch and Family (Ottawa)
Her Son: Raoul and Margot Weil
Her Daughter: Liliane and Arie Avidor
Her Grandchildren: Ephraim and Rina Weil
Daniel and Efrat Avidor
David Weil
Anat Avidor
Lyat Avidor
Her Great-grandchildren: Elia, Tehila and Mathan

ad057-31-F24

We mourn the death of

MAYNARD ORRIS

Hersch and Kahn families

هكذا من الاصل

هكذا من الاصل

IN PERSON
By BENNY MORRIS

'The decline and fall of the Chief Rabbinate'

Former Ashkenazi chief rabbi Shlomo Goren has the fire and shrill voice of a minor prophet fallen on hard times. He regards with sadness, not to say disdain the lesser mortals who now occupy Orthodox Jewry's highest spiritual offices. But he declines to speak outright ill of them.

Rabbi Goren (Harari)

All he will say is that "slowly, the Chief Rabbinate is moving away from the vision and values of (the first chief rabbi) Kook. The Chief Rabbinate is now moving towards those (i.e., the anti-Zionist ultra-Orthodox elements) whom in the past it fought against. The Aguda."

Goren gives three examples of the Chief Rabbinate's "backsliding": This year, for the first time, the chief rabbis failed to say *hallel* (a prayer of thanksgiving) on Independence Day; the two chief rabbis have said it was not a *mitzva* to serve in the army, have suggested that non-observant Jews should do it, and have declared that it is more important to study the Torah; and "they behaved atrociously, sinfully and against Jewish values" on the issue of the Jewishness of the Ethiopian immigrants.

On the last subject, Goren said that in 1979, he had pushed through the Supreme Rabbinical Council a resolution ("unanimously adopted") saying that the Ethiopian Jews were "Jews in every respect".

He says that at times he had recommended that they undergo a ritual conversion of symbolic circumcision. "But I never made it compulsory," he says. He had recommended it, he says, to save them later trouble at the Interior Ministry and elsewhere. "I absorbed and dealt with some 6,000 Ethiopian Jews in my day," he recalled.

Goren, his voice rising in protest, calls the current chief rabbis' treatment of the Ethiopians "sacrilege" (*hilul hashem*) and "brutal."

Goren seems set on founding a "national religious" movement to replace what he regards as the "failed" National Religious Party. He is particularly bitter about NRP leader Yosef Burg. "Never has it happened that the leaders of a party that has lost two-thirds of its voters remain in their posts," he says.

Goren has not turned into a liberal in his retirement. Like the current chief rabbis, he opposes meetings of Arab and Jewish youth and refuses to characterize Kach leader Meir Kahane as a racist.

Indeed, he opposes the passage of the anti-racism bill now before the Knesset. Its aim, he says, "is to blur the demarcation line between the Jewish people and the *goyim*." It is against the Tora, he believes.

There are many parties in the Knesset, says Goren. If the Knesset can have the Progressive List for Peace, it can also accommodate Kahane. What about the threat to democracy? I ask. "The word democracy doesn't appear the Bible. Who says it is the best form of government? Plato said it was the worst," says Goren.

Social workers score Ethiopian housing plan

By JOEL REBIBO
For The Jerusalem Post

AFULA – A plan to convert 15 absorption centres into permanent housing for Ethiopian immigrants will create a "social abscess," a group of Jewish Agency social workers has warned.

"We are convinced that concentrating the Ethiopians in one place...will create a social abscess with serious implications locally and in society at large," the 10 agency employees wrote in a petition to the Agency's aliya department chairman Haim Aharon.

They say that the Ethiopians have not been given the same right as other immigrants to choose where to live.

Nearly 900 families from Ethiopia living in Kiryat Shmona, Safad, Arad, Eilat, Kiryat Arba, Ashkelon, Beersheba and Afula are included in a joint Absorption Ministry-Jewish Agency plan to convert the centres in which they are living into permanent homes.

Administrative staff, house mothers, maintenance workers and social directors are to be dismissed or transferred to other absorption centres.

The agency is to provide a maintenance man for four months and other staff to help the elderly and large families for three years, according to Absorption Ministry spokesman Gad Ben-Ari.

In Afula, where the conversion is to take place this week, Ethiopian immigrants have mixed feelings.

"We gathered them all together and explained that this would be their permanent home and the staff would be leaving," an absorption centre official said. "Some were very upset – we have developed a very close relationship."

The ministry also insists that Ethiopians need to become more financially independent and point to a recent report by anthropologist Haim Rosen in support of their policy.

"Ethiopians are not interested in remaining dependent on welfare institutions," writes Rosen.

Critics counter that a ministry decision to suspend a job-training programme in favour of on-the-job factory training will make Ethiopians more dependent in the long run.

Ethiopians are being given menial jobs," one official said. "They're given the work that even the Arabs refuse to do."

Most of the Ethiopian immigrants in Afula are employed by the Zan Lakol citrus preserves company. Company officials refused to allow *The Jerusalem Post* to enter the plant and talk to workers. But according to absorption centre officials their main work is peeling grapefruits.

All workers receive National Insurance Institute income supplements which bring their total monthly income to NIS600.

Christians mark the beginning of Holy Week with a Palm Sunday procession yesterday on the Mount of Olives. (Isaac Harari)

Psychologist's study shows:
Many Israelis only 'appear' to hate Arabs

By YA'ACOV FRIEDLER
Jerusalem Post Reporter

HAIFA. – The hatred of Arabs that Israelis of Middle Eastern origin are generally assumed to feel is only skin-deep, and has no ideological basis. But since it can be manipulated by extremists, it is dangerous, "though it is not too late to change it into an accommodation with the Arabs of Israel," according to a Haifa University psychologist, Dr. Sami Mar'i, a Moslem, from Acre.

Mar'i told *The Jerusalem Post* that his study, "Do the Sephardim Really Hate the Arabs?" was based on an analysis of awareness rather than on statistics, and showed that these communities "have no political ideology, or psycho-emotional base for their animosity to Arabs.

"They do have problems of identification with western Israeli Zionism, and one way out is to appear to hate the Arabs.

"This helps them to 'belong' to the mainstream. But if they could integrate, while proudly retaining their socio-cultural values, much of their extremism would vanish," he holds.

Mar'i believes that the Eastern communities are torn between East and West in Israel, and have entered a limbo, which has made them vulnerable to extremist politicians' exploitation.

Such politicians "offer simplistic, unambiguous answers" that enable their followers "to go along without active involvement, letting the politicians do it," Mar'i believes.

Like the Arabs, Eastern Jews generally belong to the poorer sections of society and turn their aggression against the Arabs rather than contending with the "dominant group of Ashkenazi culture."

How does Mar'i explain the absence of aggression towards Eastern Jews by Israel's Arabs?

"Israeli Arabs were not suddenly displaced into a foreign environment. We were subject to gradual cultural changes that can be assimilated without pain." While Israel's Arabs have had cultural continuity, the Eastern *olim* had their cultural values so abruptly interrupted that it produced almost total disintegration," Mar'i said.

Waldheim's spokesman lashes back at WJC

By ILONA HENRI
Jerusalem Post Correspondent
and agencies

VIENNA. – A spokesman for former UN secretary-general Kurt Waldheim, now a candidate for Austria's presidency, yesterday labelled as "mere allegations," a claim by the World Jewish Congress that the Yugoslavs had been searching for Waldheim for war crimes he is said to have committed during World War II. The spokesman said that the WJC claims "lack all evidence or basis.

"The best proof against these accusations," he said "is that the Yugoslav representatives in the UN voted for Waldheim and supported his second candidacy as secretary-general."

The WJC said on Saturday it had found a 1948 U.S. Army document listing Waldheim as a suspected Nazi war criminal. The document, the organization said, identified Waldheim as a military intelligence officer, wanted by Yugoslavia for complicity in murder.

A photocopy of the Army document released by the WJC was not legible. The copy was made from microfilmed Army records on file at the National Archives in Washington, said Elan Steinberg, a spokesman for the group.

Waldheim, UN secretary-general from 1971 to 1981 in a statement released yesterday, again denied any wrongdoing.

"The hints dropped in the document that has now allegedly surfaced were evidently considered as untenable from the beginning and, therefore, never pursued," the statement said.

Waldheim denied earlier this month that he had belonged to Nazi groups before World War II. He said he had been a translator in a German Army unit in Greece but had not known that the unit deported Jews to death camps.

The statement by Waldheim's press secretary Gerold Christian denounced the WJC pursuit of the matter saying: "It is the evident attempt of the WJC to continue the...slander campaign towards degrading Dr. Waldheim's reputation."

It said Waldheim "was in no way involved" in the alleged acts.

But Steinberg has said that tomorrow the WJC will release "a ton of documents" which he says will detail Waldheim's activities in Yugoslavia.

When the little Ninjas appear, you know that Purim is near

By HAIM SHAPIRO
Jerusalem Post Reporter

Ninja, the ancient Japanese warrier, appeared to be the favourite costume as children throughout the country began preparing for Purim yesterday, but there were many dressed as Mordechai and Esther, the festival's hero and heroine, and many young clowns and cowboys filling the streets.

For Jews in the Diaspora and most of Israel, the holiday is celebrated tonight and tomorrow. But residents of Jerusalem, Tiberias, Safad and other cities that were walled at the time of Joshua, begin their celebrations only tomorrow night, which marks Shushan Purim.

The holiday, on which even the most devout let themselves go in merriment, marks the Jews' deliverance from Haman's threat of destruction in the reign of the Persian King Ahasuerus over 2,300 years ago. Fancy dress is customary for all, and this is the one time of the year when Jews are enjoined to drink until they can no longer distinguish between the wicked Haman and righteous Mordechai.

In Tel Aviv tomorrow, 10 students equipped with Polaroid cameras will roam the streets snapping costumed children. The token fee of NIS 2 for the instant photos will be donated to the Alyn Fund for Handicapped Children.

HOME NEWS IN BRIEF

Hebrew U. out of cash for scientific research

Jerusalem Post Reporter

The Hebrew University has no money left for scientific research in its operating budget, Prof. Eliahu Friedman, dean of the Faculty of Science has told Education Minister Navon.

"Most of the budget goes on salaries and what's left doesn't even cover the cost of basic laboratory supplies," Friedman said. "Any funding for research depends on foreign grants."

Lecturer charged with fraud against university

TEL AVIV (Itim). – A former Tel Aviv University lecturer was charged with fraud in the Magistrates Court here yesterday for taking money for a sabbatical abroad while he was teaching at another university in Israel.

According to the charge sheet, Hebrew literature lecturer Zvi Malachi applied in 1981 for a year's sabbatical abroad to do research. The request was approved, and in the 1982-3 academic year he was paid $26,000 via the National Westminster Bank in Oxford as sabbatical pay.

Malachi allegedly spent 139 days of the "sabbatical" in Israel lecturing at Bar-Ilan University.

Suspects admit guilt in Egged phone-tap affair

Two men accused of tapping telephones of several Egged bus cooperative members three years ago, yesterday admitted to the charges in the Jerusalem Magistrate's court.

The two are Elihu Yaffe and Avraham Ovadia. A third suspect, Ezra Gil, has denied the charges.

Alignment-Yahad MK Shlomo Amar, who was chairman of Egged's board at the time, was also implicated in the affair, but charges were dropped when the Knesset refused to remove his parliamentary immunity. (Itim)

Conservationists meet

Jerusalem Post Reporter

Israel's first international conference on conservation is meeting this week in Jerusalem at the Society for the Protection of Nature in Israel's Har Gilo field school.

Conservationists from Kenya, Poland, Japan, the U.S. and Western Europe are here to learn about Israel's record in preserving the environment in the face of growth and development.

CORRECTION

The bylines on two of the stories which appeared on page 3 of yesterday's *Jerusalem Post* were inadvertently transposed. 'End to bargain plane tickets' was written by Joshua Brilliant and 'Reprieve for Australian Israelis' by Greer Fay Cashman.

Ex-bank manager hoping to resolve his 'nightmare'

By BARBARA AMOUYAL
For The Jerusalem Post

While Moshe Stern, former Jerusalem branch manager of North American Bank, waits in a Versailles jail cell for his extradition to Israel in connection with embezzlement, Deputy Commander Yoram Gonen of the national fraud squad is readying for what may be the squad's most complicated and prolonged investigation.

Police expect Stern to arrive here this afternoon, although last-minute hitches could delay his extradition for a day or two. Stern did not object to the extradition proceedings and has said he is eager to return and settle what he has called "a prolonged nightmare."

When Stern steps off the plane at Ben-Gurion Airport, relatives and friends say he will bear little resemblance to the solid, respectable-looking man who fled the country seven months ago. His flight to France, via New York and Zurich, has apparently broken his health and his state of mind has deteriorated drastically.

The Police and the Bank of Israel are to question Stern in connection with the alleged embezzlement of perhaps as much as $40 million from the bank discovered on his disappearance last August 12. Following a request to Interpol by Israel Police, Stern was arrested two months ago in Paris.

Stern had been staying at the Etz Haim yeshiva outside Versailles.

No one is yet sure of the exact amount Stern allegedly took. Originally, police believed $15 million had disappeared, but latest estimates put it closer to $40 million. Between $25 million and $40 million in North American Bank funds are unaccounted for, police say.

But picking up the trail left by Stern will not be easy, police and bank officials agree, because the bank's record books from the grey market 1980-1983 period do not reflect real financial transactions.

"How can you draw up a case from the bank's books when thousands of little slips showing enormous sums of money were jotted down haphazardly and signed with Stern's familiar scrawl? How can we know to whom the amount was given, at what rate of interest and under what repayment schedules?" asks Tel Aviv lawyer Dr. Ya'acov Weinroth, who represents several clients in suits against the bank totalling $6 million.

Beginning some time in the first quarter of 1985, police suspect Stern of using hundreds of inactive accounts to pay out extraordinarily high interest to individuals and institutions who lent money to his Jerusalem-America company, a "grey market" lending company.

Stern contends that he only borrowed money from the bank.

Gonen's team hope to clarify whether Stern acted with others. Former North American Bank director-general Hadassah Monsah was also arrested last August, but after 17 days of interrogation, she was released without being charged.

Prizes for inventive and devoted workers

By TSIPI KUPER
For The Jerusalem Post

Moti Radoshetsky and Yoram Hillel, technicians at a company producing medical diagnostic kits have invented an ingenious machine that saves their plant manpower, time and money. They were among 13 individuals and five teams who yesterday received the Histadrut's Namir Labour Prize for outstanding workers.

The prize, named after Mordechai Namir, former Labour Minister, Histadrut secretary-general and Tel Aviv mayor, is intended to encourage workers' initiative, responsibility and loyalty.

Radoshetsky and Hillel, who maintain and repair equipment at International Diagnostic Laboratories Ltd., put in extra hours designing and building more efficient devices. Their latest invention is a production line for kits that detect a virus causing gastro-enteritis, a disease that is particularly dangerous for children if it is not quickly diagnosed.

"The machine cut down the manpower necessary for preparing this kit from ten to two, and increased the test's accuracy since it is not touched by human hands," Radoshetsky told *The Jerusalem Post*.

Since the two began to work at IDL six years ago, they have designed four or five machines that have saved the company tens of thousands of dollars.

The other recipients of the prize were:

- **Yosef Shenek, at the Israel Electric Corporation's computer system.**
- **Shalom Barashi, administrative director of Soroka Hospital in Beersheba.**
- **Sarah Haran, director of the Na'amat day care centre in Carmiel.**
- **Shalom Luzon, maintenance manager of the Dan Accadia Hotel in Herzliya.**
- **Avraham Tzadok, chief maintenance man at the Ramat Efal school.**
- **Rosa Pivan, laboratory supervisor at the Carmiel Delta plant.**
- **Mordechai Levy, chief accountant of the organization of southern moshavim.**
- **Abed al-Zeter Mazrawa, shift foreman at the Alcoor Allois plant, Kfar Sava.**
- **Sarah Siman-Tov, deputy director of the foreign currency department of Bank Hapoalim's main Tel Aviv branch.**
- **Professor Gideon Meryn, director of Carmel Hospital's cardiology and pulmonary department.**
- **Gabriel Nahmany, ceramist at Acre's Na'aman plant.**
- **Eileen Solway, in charge of an experimental plantation at Kibbutz Ketura in the Arava.**
- **Haim Ratzabi, a civilian worker in the IDF communication corps.**
- **The workers and management of Acre Steel United.**
- **The team managing the Soleh Boneh Panorama building project in Haifa.**
- **The emergency ward staff at Tel Aviv's Rokah Hospital.**
- **The staff of the Dead Sea Works.**

High Court blocks religious allocations

The High Court of Justice yesterday issued a temporary injunction, requested by the Citizens Rights Movement, barring the government from distributing 25 per cent of the special allocations to religious institutions provided for in the 1985-86 budget.

The CRM argued that Attorney-General Yitzhak Zamir's criteria for distributing the funds had not been published, and that this had prevented various groups from requesting funds.

The party also argued that the criteria were discriminatory, since they permitted the allocation of funds to religous youth movements, but not to their non-religious counterparts. (Itim)

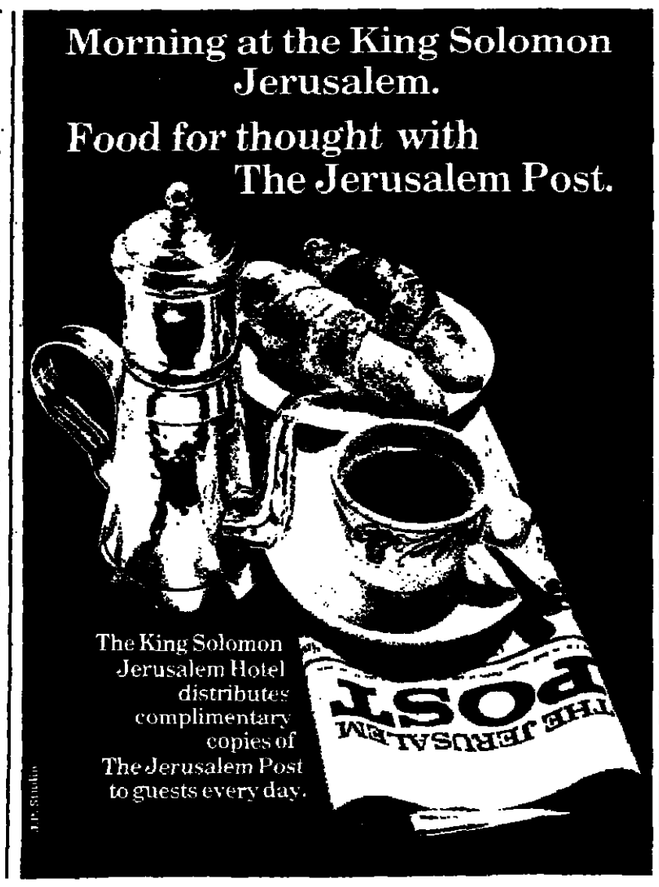
Parents urge law against teacher strikes

Jerusalem Post Reporter

TEL AVIV. – The National Parents Association may prevent the opening of school in September unless both the Histadrut Teachers Union and the Secondasry School Teachers Association promise a strike-free school year.

A stormy meeting of the Parents Association's Council last week, at which parents said they have had about as much of the teachers' strike actions as they care to take, passed a resolution calling on the Secondary School Teachers Association not to use 12th-graders as a pawn in their labour dispute. The resolution called on the government and Knesset to pass legislation or regulations forbidding strikes against 12th-graders if the teachers do not agree voluntarily.

Morning at the King Solomon Jerusalem.
Food for thought with The Jerusalem Post.



The King Solomon Jerusalem Hotel distributes complimentary copies of The Jerusalem Post to guests every day.

Israel Council Young Israel
YOUNG ISRAEL ONE DAY BUS TOUR FOR VISITORS AND TOURISTS
With Tour Va'Aleh, W.Z.O. Immigration and Absorption Department
Thursday, March 27
★ HAR NOF ★ KIRYAT ARBA
★ GUSH ETZION ★ TEKOAH
★ EFRAT ★ MOUNT HERODION
Cost for the trip: NIS 8.25 which includes lunch.
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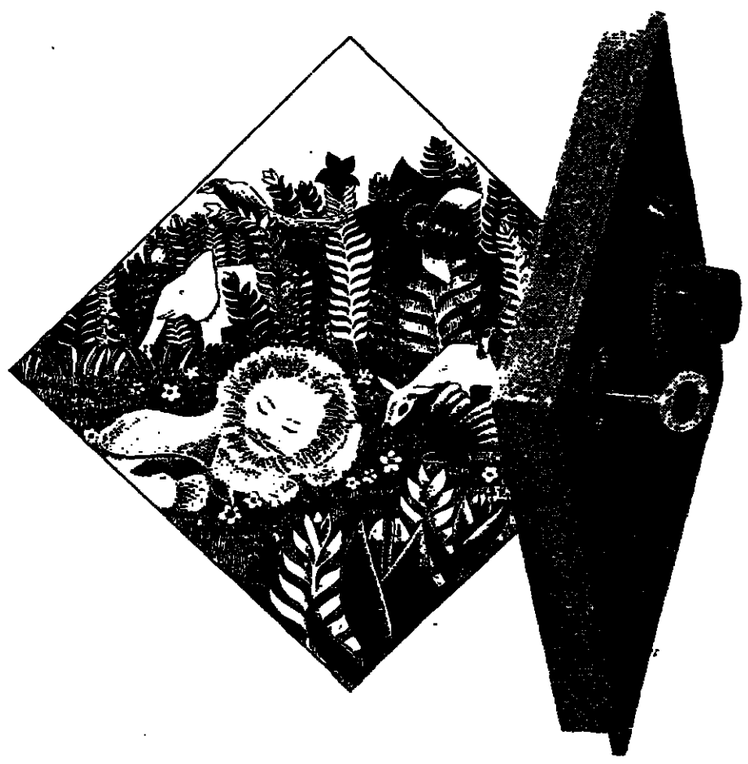

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'Tentative accord' on Bhopal gas leak compensation

Union Carbide said offering $350m.

BHOPAL (Reuter). – Residents of the Indian city of Bhopal, where 2,500 people died in a poison gas leak in 1984, reacted cautiously yesterday to an announcement that Union Carbide had reached a tentative settlement on the disaster.

A Carbide spokesman told Reuters in New York the agreement was reached with lawyers acting for families of the dead and more than 200,000 injured, but not with the Indian government.

The New York Times reported that the company had agreed to settle for $350 million, but company spokesman Kurt Mazurosky refused to give out figures. Judge Keenan must make the final decision on the amount of compensation.

"The amount is sufficient to change the face of this city," said Bhopal physician N.P. Mishra, who presented medical evidence to Federal Judge John Keenan at compensation hearings in New York.

"I am happy that a settlement has been reached because it will enable us to get better treatment," gas leak survivor Bhagwan Das told Reuters.

But Ram Sing, a resident of Jayaprakash Nagar, a shanty town which was worst hit when a Union carbide pesticides plant leaked methyl isocyanate gas on December 3, 1984, was less enthusiastic.

"How can we be sure of the settlement unless it is approved by the Indian government?" he asked. "We have requested the government to represent us in the lawsuits."

Indian Law Minister Asoke Sen was not immediately available for comment.

The hearings before Judge Keenan started off with claims worth billions of dollars presented by more than 50 U.S. lawyers representing Bhopal clients.

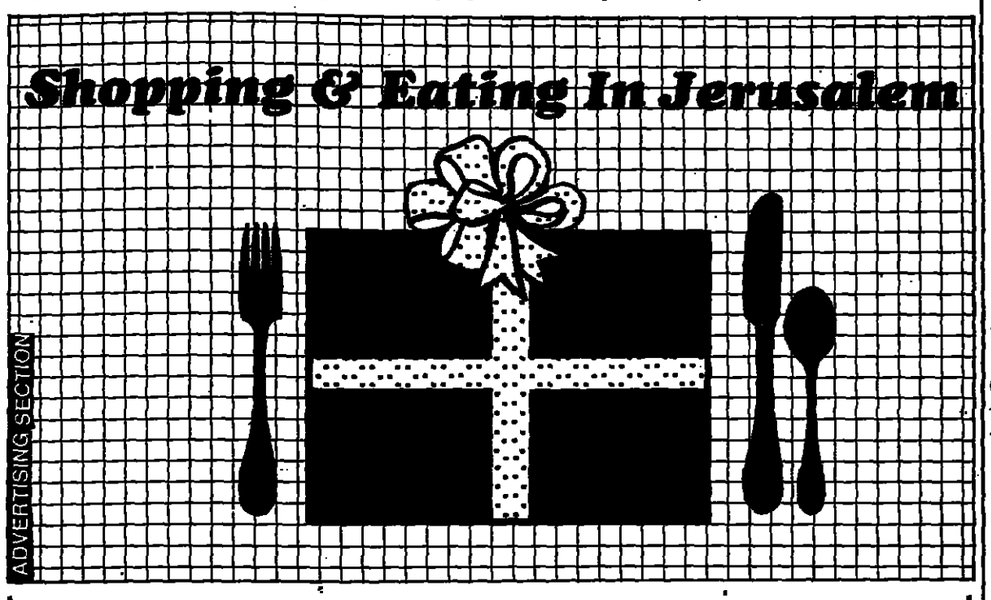
The Indian government agreed to be a part of the class action suit, under which all the claims are heard as one case, but insisted that it alone was the representative of all claimants.

Tories trail Labour by 8%, poll shows

LONDON (AP). – Prime Minister Margaret Thatcher's Conservative Party trails the opposition Labour Party by 8 percentage points in an opinion poll published yesterday.

The survey, by Market and Opinion Research International for the *Sunday Times*, gave Labour 39 per cent – its best showing in a year.

The Tories got 31 per cent and the centrist Liberal-Social Democratic Party alliance 28 per cent.



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OF CONSUMING INTEREST

Purim is here and confusion reigns. A new law has been signed making it a crime to give travel discounts. No joke! All airlines must charge the same price to the same destination. This new law designed to protect the consumer, means that your travel agent will now have to do his research better in order to get you the cheapest combination. For example, to fly you Tel Aviv – Los Angeles, it may be cheaper to fly to New York and then take a VUSA. I have built this agency on service, reliability and price, and I intend to continue to do so despite bureaucratic impediments. One quick point – the powers that be are thinking of raising the travel tax, yet again – protest now! ZIONTOURS JERUSALEM, 23 HILLEL ST., (next to Shammai St. Post Office). Tel. 02-233326/7/8. Open every day from 8.30 a.m. to 6.30 p.m. Wed. and Fri. til 1 p.m.

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'Pravda' calls U.S. N-blast 'disgraceful'

MOSCOW (Reuter). – The Communist Party daily *Pravda* yesterday denounced the latest U.S. nuclear explosion in the Nevada Desert as a disgraceful step which brazenly ignored world opinion.

"The White House defied all protests and appeals, its spokesman launched into demagogic prattling by publicizing an invitation to Soviet scientists to come in person to monitor the Nevada test," *Pravda* said of Saturday's detonation.

In an article headlined "Brazen challenge to the peoples of the world," *Pravda* added: "There was no question of postponing the explosion. How disgraceful it is not to feel a sense of one's own disgrace."

"Such is the White House's response to the Soviet Union's appeal to join its unilateral moratorium on any nuclear blasts."

The Soviet Union imposed a moratorium on its own tests last August, originally due to last until the end of the year. It later extended the ban until March 31 and then said it would conduct no explosions until the next U.S. test.

Pravda did not make clear whether the explosion would prompt the Soviet Union to resume testing. But it warned that Reagan's Administration "assumes the great responsibility for the consequences of this short-sighted step."

Video tapes found of Aquino killing, Manila daily says

MANILA (Reuter). – Video tapes showing the assassination of President Corazon Aquino's politician husband Benigno at Manila airport in 1983 have been found, a newspaper reported yesterday.

The *Philippine Daily Inquirer* quoted unidentified high-ranking military sources as saying the tapes had been found in the possession of close confidants of ousted president Ferdinand Marcos and his military chief Fabian Ver.

There was no independent confirmation.

Marcos, Ver and their families fled to Hawaii last month when a civilian-backed military revolt toppled the government and Aquino came to power.

Ver, along with 25 others, was charged in connection with the killing of former senator Benigno Aquino, a political foe of Marcos.

All the accused were acquitted last December by Marcos-appointed judges who heard the case, but a human rights commission set up by Aquino has said it would reopen the inquiry into the murder.

Bomb topples Truman statue in Athens centre

ATHENS (Reuter). – A time-bomb damaged the statue of former U.S. president Harry Truman in the centre of Athens Saturday night, police said. There were no casualties.

The blast knocked the statue off its stand, destroying the lower part, and shattered windows nearby. Police said it could have been detonated by remote control.

U.S. Secretary of State George Shultz is due to arrive in Athens for an official visit tomorrow.

In 1947, the U.S. under Truman gave Greece large amounts of military and economic aid, ensuring the defeat of the Communists in the civil war and ushering in a period of strong U.S. influence in the country. Truman died in 1972.

Police sources yesterday said there was little hope of finding those responsible for the bombing.

Truman is revered by conservative Greeks and Greek-Americans for saving Greece, as they see it, from going Communist and joining the Warsaw Pact. Socialist Greeks see him as the man who ushered in a period of overwhelming American domination.

Carved on the base of the statue are extracts from Truman's March, 1947 speech in which he called for aid to Greece and launched the "Truman Doctrine" laying down that the U.S. must fight Communism.

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More than 20,000 South Koreans demonstrated yesterday against President Chun Doo Hwan outside the office of the country's main opposition group, the New Korea Democratic Party, in the southern port city of Pusan. (Reuter telephoto)

20,000 at Pusan protest rally

S. Korean opposition seeks '2nd Philippines'

PUSAN (Reuter). – More than 20,000 people demanding the resignation of President Chun Doo Hwan marched yesterday through the streets of Pusan, South Korea's second largest city.

Witnesses said the protesters, chanting "down with military dictatorship" and "amend the constitution," scuffled with policemen lining the route as they walked in drizzling rain from a rally in the city centre.

Earlier, police stopped the country's most prominent dissident, Kim Dae Jung, from boarding a train at Seoul to attend the Pusan rally.

Kim, in a tape-recorded message played at the rally, urged South Koreans to turn their country into a "second Philippines.

The march through Pusan was led by leading dissident Kim Young Sam and Yi Min U, president of the opposition New Korea Democratic Party (NKDP).

Police allowed the demonstrators to go to the NKDP's local headquarters, close to the rally site, but prevented them from spilling onto other streets, witnesses said.

Bangladesh opposition union reverses accord on elections

DACCA (Reuter). – A major opposition group announced yesterday it would boycott Bangladesh's general election in May, reversing an earlier decision to take part.

The seven-party alliance said political concessions by the military government did not go far enough and demanded the release of politicians jailed for corruption by military courts.

Alliance leader Begum Khaleda Zia indicated she had split with the other major opposition group, a 15-party alliance which plans to contest the election that would return the country to civilian rule.

"The way the 15-party alliance has behaved gives me the impression that it was playing a previously arranged ball game" with the government, she said.

Both alliances said on Saturday they would participate in the election on May 7 after President Hossain Mohammad Ershad announced he would drop pro-government party ministers from his cabinet and remove military commanders from civilian jobs.

The two alliances had previously refused to contest any election, claiming the polls would be rigged in favour of the pro-government Jatiya Party.

Factions in the 15-party alliance – which includes the Awami League, the country's largest opposition group – said they also opposed taking part in the poll. They claim to represent five parties within the alliance.

Mass protests in Pakistan, Zia regime said on way out

RAWALPINDI (AP). – Tens of thousands of people swarmed through the city yesterday, yelling anti-government and anti-U.S. slogans.

Opposition leaders said the pro-American government of President Mohammad Zia ul-Haq is in its last days and true democracy will be restored.

The Movement for the Restoration of Democracy (MRD), an alliance of 11 opposition parties, staged one of its biggest shows of strength since the lifting of martial law December 30 as some 60,000 people marched through the city and listened to anti-government speeches at a rally. The MRD staged dozens of smaller demonstrations across the country yesterday, designated "Pakistan Day."

Speaker after speaker asserted that Gen. Zia's government will fall soon and that it has no support, and the entire nation is hungry for the return of democracy.

The U.S. was repeatedly criticized for supporting Zia, who was denounced as an American puppet.

"If we want democracy in the country we must rid Pakistan of American influence – we must struggle against the Americans," said Afzal Zahda, a leader of the Peasants and Workers Party.

FOREIGN NEWS IN BRIEF

Six Soviet airmen die in Antarctic crash

MOSCOW. – Six Soviet airmen were killed when their twin-engine transport plane ran out of fuel and crashed on a glacier in Antarctica last month, *Izvestia* reported yesterday.

Izvestia said the propeller-driven IL-14 airplane was nearing the end of a 2,015 km. flight from a research station at Molodezhnaya to an aerodrome near Mirny station when it encountered a white-out and heavy icing conditions.

The newspaper said the plane had run low on fuel because of extreme headwinds, and that the crew said in its last radio transmission to Mirny that it was attempting to find a landing site on a glacier. Severe weather delayed a full-scale search for four days.

U.S. scientists mostly sceptical on 'Star Wars'

CAMBRIDGE, Massachusetts (AFP). – The U.S. Strategic Defence Initiative, the space-based project known as "Star Wars" would not protect the U.S. from a Soviet missile attack, according to two-thirds of American physicists.

A survey just publised here showed that 67 per cet of those questioned were doubtful whether the programme would be effective, and the more they knew about it, the more sceptical they were.

Eighty-three per cent of the 549 physicists questioned, thought the Soviet Union would develop a system to counter "Star Wars."

The survey was carried out by the Union of Concerned Scientists, a Cambridge-based pressure group opposed to nuclear power.

'Thatcher made £2,300 in stock deal'

LONDON (AFP). – Prime Minister Thatcher made a 108 per cent profit on a stock market deal in Australia, netting a £2,300 profit, the *Mail on Sunday* newspaper reported.

Share dealing is believed to be unprecedented by a post-war prime minister, the paper said. Thatcher's press office said the premier refused "to comment on a private matter."

The conservative *Mail on Sunday* said she bought shares in Australia's biggest mining company, Broken Hill Proprietary, in August 1983, and sold them in October last year, making a profit of £2,328.

The newspaper gave no indication of wrongdoing, but said, "Obviously Mrs. Thatcher was extremely well advised, or very lucky," adding that the news could throw doubt on her impartiality.

Heavy spring snowfall kills two in Tokyo area

TOKYO (AP). – A surprise heavy spring snowstorm left two people dead and more than 230 injured – most of them in a train collision – as it paralysed traffic and knocked down roofs, electric poles and awnings in the Tokyo region yesterday.

An awning collapsed under the weight of accumulated snow and killed a 36-year-old man in Saitama prefecture, north of Tokyo.

A 21-year-old fire-fighter clearing snow from fire hydrants was electrocuted when he accidently touched a fallen 6,000-volt electric wire in Hachioji, in Tokyo's western suburbs.

Also in Hachioji, one person was injured after the zinc roof of a wooden movie house caved in under the weight of 20 cms. of the wet, soggy snow.

In the suburb of Tanashi, a railway spokesman said 170 people were injured when one commuter train, apparently slipping on snowy tracks, ran into the rear of another that had stopped for repairs to its pantograph, damaged by snow. He said 13 of the injured were admitted to hospitals.

SPORTS

Vive la France

By JACK LEON

TEL AVIV. – French runners yesterday took the first three places in Hapoel's sixth Tel Aviv Marathon, although the men's competition was yet again characterized by very slow times, perhaps due to strong winds. Michel Schwind from Paris got home first among the 180 starters, covering the 42km. course in 2:30.05. Second was Christian Zimmerman, 20 seconds adrift, while Claude Rollin came third in 2:33.19.

In contrast to the slowness of the men, Romanian Helena Murgoci set a new women's record for the Tel Aviv race with her winning time of 2:49.32. Murgoci – mother of a 10-year-old boy – took sixth place overall in an outstanding achievement, finishing an astonishing 37 minutes ahead of runner-up Rosa Saydon from Kibbutz Horshim. Belgium's Rita Detend was third in 3.45, followed by the Jerusalem Trail Blazers' Esther Frid, who completed her first marathon in four hours flat.

Police closed some Tel Aviv streets yesterday to give free way to runners in the Hapoel marathon, but there were few serious stoppages, despite the fact that it was a working-day. There were complaints that some motorists tried to ignore the marshalls directing the traffic and to break through into the closed streets, but they were persuaded not to do so, and there were no major incidents.

One hundred and eighty runners participated in the actual marathon over 42kms., which resulted in a triumph for three French male competitors and a Romanian woman. Over 1,600 entered the 21km. half-marathon, and 2,500 took part in a 4km. mass fun run.

Although the weather was comparatively cool, six athletes were hospitalized for heat exhaustion, and one runner broke his leg. For the first time, the race was not run on Purim itself, and there were hardly any runners in fancy dress, as in previous years. There were unfortunately only sparse crowds to cheer on the runners. The race would gain tremendously if the route ran along the sea front from the north of the city to Jaffa, where there are crowds with time to spare for an exciting event.

Schwind, 38, only took up the marathon six years ago, after previously concentrating on shorter runs, and this was his first victory over the classic distance in 15 outings. Schwind shared the lead for much of the time with Zimmerman and Rollin, after their compatriot Bernard Fayolle had set the pace earlier. Around the 20km. mark, the three Frenchmen were passed by Hungarian Janos Keleman, but they soon moved ahead again. Schwind finally broke away 500 metres from the finishing line in Rehov Arlosoroff, opposite the Histadrut headquarters.

The first Israeli to finish was Zion Naggar, followed by Avi Appel, with their respective times of 2:42.27 and 2:49.52, giving them fifth and sixth place behind Kelemen (2:35.23).

There were cheers at the finishing post for Ilan's wheelchair athletes Shlomo Sharoni and Ezra Elisha, who actually finished second and third among the Israelis by both edging Appel by nearly five minutes. However, though the two heroes received their medals, their times were not officially recorded by the organizing committee.

Arieh Gamliel won his second half-marathon in three attempts, clocking 1:09.25. Yair Karni – like Schwind "warming up" for next month's London marathon – was runner-up in 1:10.08, nine seconds ahead of third finisher Zvi Daube. Blind war veterans David Yakobovitz and Kuki Gershoni – who has also lost his forearms – both registered their best times in five half-marathon outings to date, the former clocking 1.33 and Gershoni 1.46.

Israel's Mazal Shalom took the women's half-marathon title in a career-best performance, getting home in 1:23.02, with Hungary's Erika Vastag coming next in 1:24.43. Third was Swedish kibbutz volunteer Christina Blomquist, nearly five minutes behind.

Israelis in Holland

Amos Mansdorf is through to the third round of the qualifying tennis tournament in Rotterdam, and needs one more win to get into the main draw. Shahar Perkis beat Yugoslavia's Marop Ostaja 7-6, 4-6, 6-1 in his first qualifier but lost the second. Shlomo Glickstein was ousted in his first match. Perkis and Colin Dowdeswell are direct entries together in the doubles.

Hana rocks Chris

NEW YORK (AP). – An emotional Hana Mandlikova upset second-seeded Chris Evert Lloyd to join top-seeded Martina Navratilova in the final of the Virginia Slims Championships tennis tournament.

Mandlikova, the reigning U.S. Open champion, eliminated Lloyd in this season-ending event at Madison Square Garden 6-3, 7-5. She now faces Martina Navratilova in a rematch of the Final of the U.S. Open. It is the best of five sets. Lloyd's defeat assures Navratilova of the world championship title and the $225,000 bonus that goes with it.

In Brussels, Mats Wilander polished off the Australian giant-killer, Broderick Dyke, to take the Belgian Indoor title.

In Fort Myers, Ivan Lendl beat Anders Gomez 6-3, 6-3, and Jimmy Connors edged Tim Mayotte 7-5, 3-6, 6-3, in the two semi-finals of the Paine Webber Classic.

English recovery

BRIDGETOWN (Reuter). – The England cricketers bowled out the West Indies for a first innings total of 418 and replied solidly with 110 for one on the second day of the third cricket test here yesterday.

Graham Gooch (46 not out) and skipper David Gower (51 not out) added 104 in a second wicket partnership to blunt the fearsome West Indies pace attack and complete a satisfactory day for the tourists. West Indies looked set for a huge first innings total but fast bowler Greg Thomas, 25, playing in his third Test, triggered a middle order collapse with a second new ball shortly before lunch. He took four for 14 off 6.1 overs, as the last seven wickets tumbled for 57 runs in 17.5 overs.

Sri Lanka vs Pakistan, 3rd. Test: Sri Lanka 281, Pakistan 180 for 5.

SCOREBOARD

ATHLETICS. – John Ngugi of Kenya and Zola Budd of England, the latter running barefoot, won the men's and women's World's Cross-Country Championships in Neuchatel yesterday.

NBA. – Pistons 119, Clippers 99; Jazz 119, Suns 109; Lakers 115, Kings 113; Cavaliers 123, Bulls 97; Bullets 111, Pacers 110; 76ers 123, Nets 115; Rockets 114, Knicks 99; Bucks 113, Hawks 98.

BASEBALL. – Royals 18, White Sox 9; Blue Jays 18, Expos 8; Mets 6, Braves 5; Tigers 3, Dodgers 2; Rangers 6, Astros 2; Cardinals 3, Pirates 0; Twins 4, Red Sox 0; Phillies 9; Reds 1; Indians 8, Giants 6; Brewers 12, Rangers 3.

NHL. – Blues 3, Canadiens 2; Devils 6, Maple Leafs 3; Canucks 6, North Stars 2; Whalers 6, Kings 3; Penguins 7, Nordiques 4.

Vol. CXXXV—No. 46,722

Sunday, March 23, 1986

The New York Times

WEEKLY REVIEW

Printed and distributed in Israel in association with The Jerusalem Post

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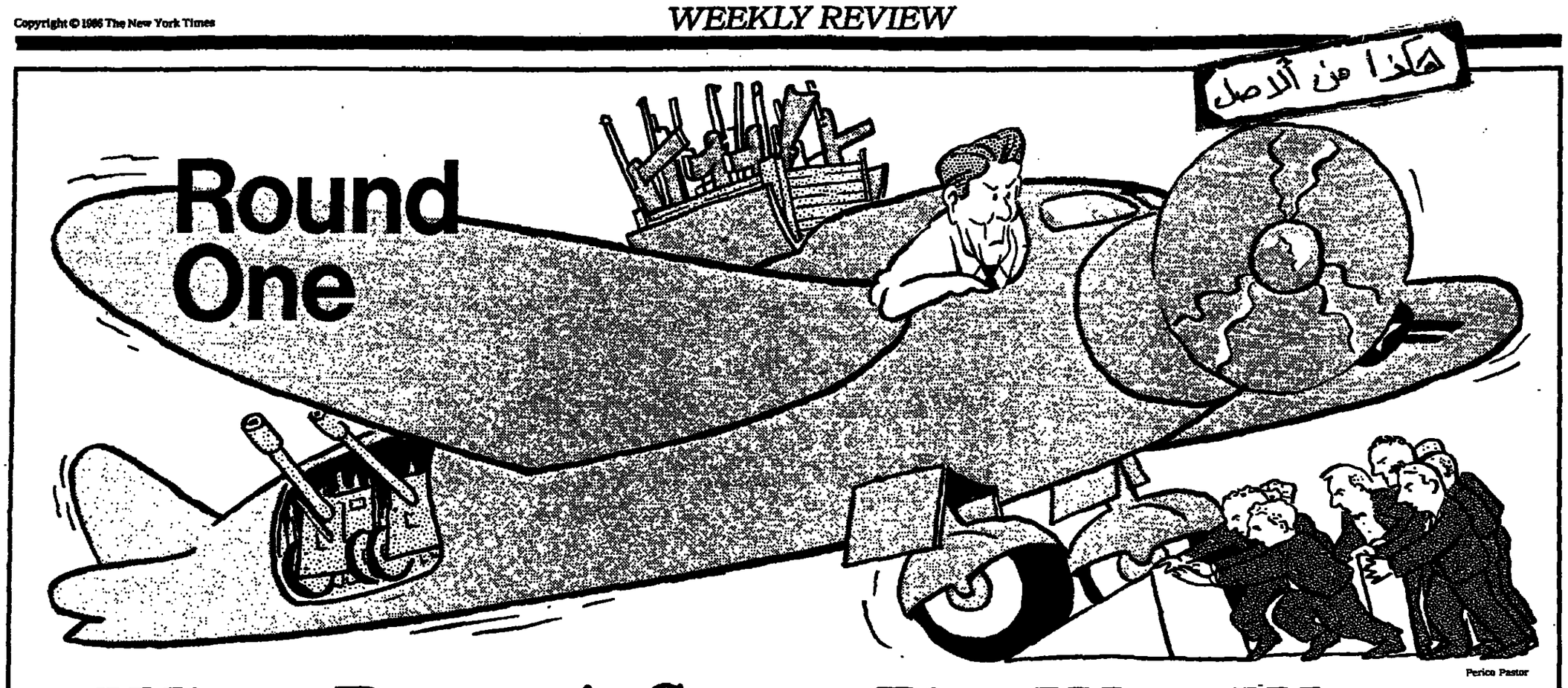


Perico Pastor

Where Reagan's Contra Plan Went Wrong

By R. W. APPLE Jr.

WASHINGTON — *The rhetorical line could not* have been more clearly drawn in the final moments before the House of Representatives voted on President Reagan's proposed aid package to the Nicaraguan rebels.

Vote down the President's $100 million proposal, said the House minority leader, Robert H. Michel, an Illinois Republican, and "Nicaragua is lost." Approve it, countered the Speaker, Representative Thomas P. O'Neill Jr., the Massachusetts Democrat, and Amer*ican armed intervention in the region would be all but* inevitable.

Mr. Reagan lost, 222 votes to 210, largely because 16 Republicans broke ranks despite the threats and blandishments of the White House. But the result was not as significant as it seemed; it neither sealed the fate of the contras, as the rebels are called, nor offered any real reassurance to those who fear "another Vietnam" in Nicaragua.

The President, true to tenacious form, immedi*ately vowed to "come back again and again until this* battle is won," and the Democrats, a bit more surprisingly, conceded that in the end Mr. Reagan would probably emerge with much of what he sought.

And so the struggle that has marred American foreign policy since the postwar bipartisan consensus broke down in the frustration and recrimination occasioned by intervention in Southeast Asia — the struggle between Presidents determined to confront Communist expansion and legislators determined to limit American adventures abroad — continues to defy resolution.

Having cut off all aid to the rebels fighting to overthrow the Sandinista Government in 1984, Congress yielded a bit last year and agreed to send $27 million in nonmilitary help. This year Mr. Reagan sought $70 million in military aid and $30 million in other funds, *described the vote as a watershed in his Presidency* and said that no other course could deny the Soviet Union a North American beachhead. In a television speech last Sunday night and in other comments on the *issue, Mr. Reagan painted a lurid picture of the San*dinista regime, a picture that some critics denounced as a caricature. Some of the President's facts were questioned. Brazil, for example, denied that it had any radicals supported by Managua, and Mr. Reagan's own Drug Enforcement Administration questioned his assertion that "Nicaraguan Government officials are deeply involved in drug trafficking." Jews and Roman Catholics said the President had vastly oversimplified the case in picturing them as victims of Sandinista persecution.

'Scurrilous Attacks'

Democratic and Republican opponents of aid also accused Mr. Reagan and his staff of impugning their patriotism. The President shot back angrily in an interview with The New York Times that his adversaries had "engaged in some of the most scurrilous personal attacks against me — for example, the most dishonest use of distortions and outright falsehoods that I have *heard in a legislative debate." He said he particularly* resented suggestions that he would dispatch American troops to Nicaragua if that were the only way to "save" it.

The heat of White House partisanship may have cost Mr. Reagan votes; so, almost certainly, the lack of public support from most Central American political leaders, memories of Vietnam, a sense among many members of Congress up for re-election this year that the President's proposal lacked public support, Mr. O'Neill's unusually intense lobbying against aid and uncertainty about the Administration's ultimate goal in Nicaragua. Was Mr. Reagan looking for a military victory, many wavering House members asked, or trying to force political compromise?

In a last-minute bid for the decisive votes, the President offered to suspend part of the military aid *for 90 days while negotiations were sought. In retro*spect, some White House staff members saw that as a tactical error, weakening the argument that aid was needed at once. Others disagreed. On Capitol Hill, few thought it made much difference, and one Democrat described the "concession" as "a game of mirrors" giving Mr. Reagan no real incentive to press diligently *for negotiations. All he would have had to do was wait* three months — a delay probably inevitable in any case — then proceed to disburse the full $100 million.

The Senate will vote this week on a measure identical to the one rejected by the House, except this time the compromise delay will be part of the bill rather than a separate executive order. The Republicans ap*parently have the votes to pass it. Then it will go back* to the House for another vote April 15.

Mr. Reagan said in the interview with The Times that some House members had told him they would switch their votes and support him with the compromise an integral part of the measure — presumably because they believe that would give them a chance to record their support for a final negotiating effort. Analysts of the House believe a few other members will switch their votes, arguing that, having expressed *their doubts, it is time to support the President.*

If all else remains the same, a switch of only seven votes from "nay" to "aye" would produce for Mr. Reagan a majority of 217 to 215. A slightly larger margin might result from the placement of some other restrictions on the timing and rules governing the use of military aid.

But that would still demonstrate what last week's vote demonstrated: that there is no consensus in the country or the Congress behind Mr. Reagan's proposal or, for that matter, any other Latin American policy. As the Vietnam experience demonstrated, guerrilla wars tend to be costly and protracted, and, so far, the considerable moral fervor of even as popular a President as Mr. Reagan, has not convinced enough voters, or their Congressmen, that the cause is just and the goal within reach. *(Nicaragua's neighbors are wary, page 2.)*

The U.S. and Nicaragua

July 1979 Sandinistas oust Somoza regime; Carter Administration starts economic aid.

November 1980 After Reagan election, Sandinistas say they want 'friendly relations' with U.S.

January 1981 U.S. suspends $75 million in economic aid.

April 1982 Nicaragua proposes negotiations with Washington, State Department says U.S. is not ready for formal talks.

May 1982 Nicaragua announces $166.8 million Soviet aid pact.

December 1982 Boland Amendment bars until Oct. 1 funds for military overthrow of Sandinistas

March 1983 Nicaragua says 2,000 U.S.-supported contras are infiltrating from Honduras.

April 1984 C.I.A. mining of Nicaraguan harbors is disclosed.

April 1985 President Ortega signs cooperation pact in Moscow.

May 1985 United States imposes trade embargo on Nicaragua.

June 1985 $27 million in nonmilitary aid approved for contras.

March 1986 House rejects Reagan proposal for $100 million in aid.

Tracing Marcos's Treasure

The Lawyers Are on New Ground

Mr. P. O. Domingo
President
Philippine National Bank

Pursuant to my memorandum of November 18, 1975, you are hereby authorized to disburse the amount of TWO HUNDRED THOUSAND DOLLARS (US$200,000) from the Intelligence Fund Account No. 2 and effect payment for expenses incurred in connection with the official trip of the First Lady to New York.

FERDINAND E. MARCOS
President

A 1961 memorandum from President Ferdinand E. Marcos to Philippine bank president.

By STUART TAYLOR Jr.

WASHINGTON

THE litigation burgeoning around the wealth of Ferdinand and Imelda Marcos poses complex issues that could keep squadrons of lawyers busy for years, with no close precedents to guide them.

Already Mr. Marcos is under attack in lawsuits filed in New York City, Trenton, Houston, San Francisco and Honolulu. Most are aimed at recovering properties said to be secretly owned by the Marcos family, including Manhattan office buildings and Texas land. One seeks compensation for human rights violations.

Mr. Marcos's lawyers, who unsuccessfully resisted the release of financial documents, are expected to continue to raise an array of constitutional and other legal objections in his defense. The Marcos fortune has been estimated at more than $5 billion, and is said by investigators and his opponents to have come from the Philippine treasury, particularly its intelligence budget, American aid payments and bribes and kickbacks from private corporations.

"I think there could be stuff stashed all over," said Morton Stavis, president of the Center for Constitutional Rights, a New York-based group that is representing the Philippine Government of President Corazon Aquino.

The Importance of Venue

"This is all new ground," said Mark Feldman, a former State Department lawyer.

As one of the Government's chief strategists during Iran's efforts to recover the wealth of the late Shah, Mr. Feldman should know. The Iranian effort fizzled, in part because courts ruled that the suits should be tried elsewhere.

But American courts might be more receptive to the friendly Aquino Government than they were to the hostile Ayatollah Khomeini, especially if they get a nudge from the State Department.

"The obstacles can be overcome if the United States Government takes the right posture," Mr. Feldman said. Courts tend to defer to the Government's positions on key legal issues such as sovereign immunity and doctrines involving foreign policy.

For now, the Administration is trying to keep its options alive. The State Department said last week that if asked it would tell the courts that as a former head of state, Mr. Marcos should have "immunity *for his official acts while in office, but not* for his private acts or business dealings."

That vague formula leaves room for maneuver. Lawyers for the Aquino Government have complained that Washington should do more to help them, such as freezing all Marcos assets in the United States.

Facts Will Be the Issue

But Mr. Stavis said, "I cannot believe that the Department of State is going to say that it's an official act to steal money from a country.

"On these legal problems," Mr. Stavis continued, "I think it's going to be an easy case. It's going to be a tough case on the factual problems."

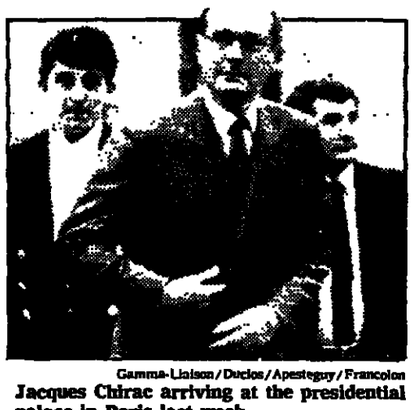
Trying to find the Marcos billions and proving they were stolen will require assiduous detective work: tracing the stock of dummy corporations across national boundaries and using bank records to track money from the Philippines into New York assets. Most of the money is said to be in Switzerland, where concealing the fruits of crime is a lucrative business shielded by strict secrecy laws.

Questions about Mr. Marcos's personal status hover in the background: Could he be prosecuted here for violations of United States law? Extradited to the Philippines? Hauled before a Congressional panel investigating his wealth? Evidence that he took *bribes from American corporations and* misused foreign aid funds might lead to Federal indictments.

Grand juries in Alexandria, Va., and Pittsburgh are investigating possible crimes by Marcos subordinates, and questions have been raised about his own role.

But Mr. Marcos does not appear to be a target of any Federal criminal investigation. The Philippine Government has no extradition treaty with the United States, and it has said it wants to reclaim his booty, not put him on trial. The House subcommittee *that is invesigating has announced no plan* to subpoena Mr. Marcos. For now, tracing trails of money is where the legal action is.

Can Mitterrand and Chirac Coexist?



Gamma-Liaison / Duclos / Apesteguy / Francolon

Jacques Chirac arriving at the presidential palace in Paris last week.

In France, Opposites May Detract

By RICHARD BERNSTEIN

PARIS

WITH fascination and unease, the French watched last week as a new twist unfolded in the theatrical spectacle called politics. After two days of hard bargaining with members of his own conservative coalition, Jacques Chirac, the Mayor of Paris, managed to put together a Government that will "cohabit," as the phrase here has it, with Socialist President François Mitterrand. The event, beginning with the conservatives' narrow election victory last weekend, suggested something about French life: After decades and even centuries of experimentation with different systems of government, this is a country still trying to find a way to transfer power from one group to another as a matter of course.

France, which has always presented a more confused and stormy picture of democratic life than the United States or Britain, seemed to do so even more markedly with a new goverment that reflects a return to the conservatives after five years of Socialist rule. The fact is that nobody really knows whether a system forcing a leftist President to live with a rightist Prime Minister will work, or for how long. The Prime Minister is authorized to set national policy and run the government, but the Constitution also gives the President authority to dissolve the Parliament, call new elections and act in a crisis. It is not clear what would happen if Mr. Mitterrand found himself in deep disagreement with Mr. Chirac on an issue of importance to both, such as a rightist Government attempt to return to private hands a bank or industry that the leftist Government had nationalized.

Even so, some say that France could be taking an important step in its long journey toward democratic maturity. They talk about the tendency since the Revolution 200 years ago to swing between something like anarchy on the one side and dictatorship on the other. In between, the country has had difficulty forging political institutions free of infighting and instability.

"It's the love of the French for political battle, for debate, for wars of religion," said René Remond, president of the National Foundation of Political Science.

Freedom has often meant disorder, in large part because of the antagonism between the privileged and those who felt left out. On the other side, there have been intervening moments of what some historians call "Ceasarism," rule by a single tyrant who maintained order at the price of freedom. And so the 1789 revolution gave way to the dictatorship of Napoleon, and the democratic chaos of the revolution of 1848 was followed by the great Emperor's nephew, Napoleon III. After the creation of the Third French Republic in 1871, there were long periods of *instability*, with Governments based on shaky coalitions. It could be argued that the weakness of the Governments of Leon Blum and, more important perhaps, of Eduard Daladier contributed to the ineffectiveness of the French response to the rise of Hitler.

De Gaulle, who once said the "*institutional* problem" dated from the fall of the monarchy, tried to resolve the matter by creating the Constitution of the Fifth Republic in 1958, giving enormous powers to the Presidency rather than the fractious legislature. But De Gaulle's Constitution has, until now, never really been tested because there has never been a time when a President did not enjoy a majority in the Parliament. Now that situation has arisen, and a great deal seems at stake. If the left and right can "cohabit" and the Government continue to run effectively, France will have gone a long way toward solving a problem that is two centuries old.

The World

Unrest in Haiti Prompts Ouster Of 3 Officials

Since President Jean-Claude Duvalier fled Feb. 7, there has been public protest in Haiti because some of the dictator's close aides became influential members of the new Government. There was also growing unrest among workers demanding higher wages than the average $3 a day.

Last week, violence erupted in a traffic dispute that apparently led to soldiers shooting at civilians.

The Government's response was mainly political. The President of the ruling council, Lieut. Gen. Henri Namphy, announced a shake-up, ousting three top officials with links to the Duvalier family.

A day earlier, the council's most popular member, Justice Minister Gérard Gorgue, resigned voluntarily but angrily.

The three who were forced out were the Public Works Minister, Alix Cinéas; the Information Minister, Col. Max Valles, and the counselor to the council, Col. Prosper Avril.

Mr. Cinéas had been chief engineer of a project that was to build a new city; it was not successful, partly because of Government corruption. Colonel Valles headed the Duvalier presidential guard.

Colonel Avril was a financial adviser to Jean-Claude Duvalier and a member of the presidential guard for the President's father, François.

Mr. Gorgue resigned, he said, because "popular demands to apply justice were not fulfilled" by the council.

General Namphy, the council leader, announced that the country would be run by a new three-member group that would include himself; Col. William Regala, a member of the old council and inspector general of the armed forces, and Jacques François, a lawyer who in the 1950's was Haiti's Ambassador to Italy, Columbia and the Organization of American States.

Russians Headed Back to China

Soviet experts will be welcome in China for the first time since the two Communist powers had their historic falling out a quarter of a century ago. Under an agreement signed last week culminating a three-year thaw in relations, the two countries will exchange technicians and engineers.

The deal was particularly sweet for Ivan V. Arkhipov, the Soviet First Deputy Prime Minister who supervised programs in China in the 1950's. "The potential for cooperation between the Soviet Union and China is enormous," the 78-year-old Mr. Arkhipov said last weekend.

The Soviet Union has said it will provide assistance for at least 17 Chinese industrial plants, most if not all of which were among the 130 projects Russians helped to build before an ideologial split provoked Nikita S. Khrushchev into breaking off relations. By mid-1960, the corps of Russians experts had been withdrawn.

Western diplomats said the agreement might be a shrewd move by the 81-year-old Chinese leader, Deng Xiaoping, to placate hardline party officials. That faction, which worries about ideological and cultural "pollution" from exposure to Westerners, has argued that enlisting Soviet bloc assistance to improve aging enterprises of Russian design is less costly than importing state-of-the-art Western technology.

OPEC Remains Split on Strategy

The 13 ministers of the Organization of Petroleum Exporting Countries gathered in Geneva last week to try to plug the leaks in their once-mighty cartel. On the table were various proposals to cut production — now about 17 million barrels a day — by as much as 5 million barrels, thus pushing prices up. "If they agree to 16 million barrels, and stick to it, the price could go to 20 or 22," said an American oil trader at the meeting. "If they agree to 14 million, it could go to 25 or higher."

Those were big if's. According to participants, OPEC is bitterly divided, with Saudi Arabia and the other Persian Gulf states favoring small production cuts and radical members, led by Iran, Libya and Algeria, proposing that OPEC "shock" the market with drastic reductions.

At week's end, the ministers had agreed on a goal — to re-establish a price of $28 a barrel — but not on production cuts to get them there. Some nonmembers — Egypt, Mexico, Malaysia, Angola and Oman — were asked to help, but given no specific guidelines on how to do so. And then there was the British problem. Outlining to Parliament the budget for the coming fiscal year, Nigel Lawson, Chancellor of Exchequer, warned that Britain would go its own way, no matter what.

"There is no question whatever and there never has been," he said, "of the United Kingdom cutting back oil production in an attempt to secure a higher price."

In any event, the price of a barrel of crude, which has dropped roughly 50 percent since December, when OPEC cut restraints on production, shot up 92 cents to nearly $14 on Friday, after the ministers announced their goal. But analysts were skeptical the trend would last long.

Associated Press

Sheik Ahmed Zaki Yamani, the Saudi oil minister, (left) with Abdel-Hadi Qandil, Egypt's oil minister, at OPEC meeting in Geneva last week.

Talks on Troops In Europe Stalled

Nineteen nations have once again met to discuss ways of reducing the NATO and Warsaw Pact garrisons in Europe, and once again, the White House announced last week, not much has been accomplished.

Before the just-concluded talks got under way, specialists in the semaphore of diplomacy thought they detected flashes of flexibility. Mikhail S. Gorbachev, the Soviet leader, appeared to signal that some progress was possible in the area of how best to monitor compliance with a treaty, which would apply to so-called conventional forces based in East and West Germany, Czechoslovakia, Poland and the Benelux countries.

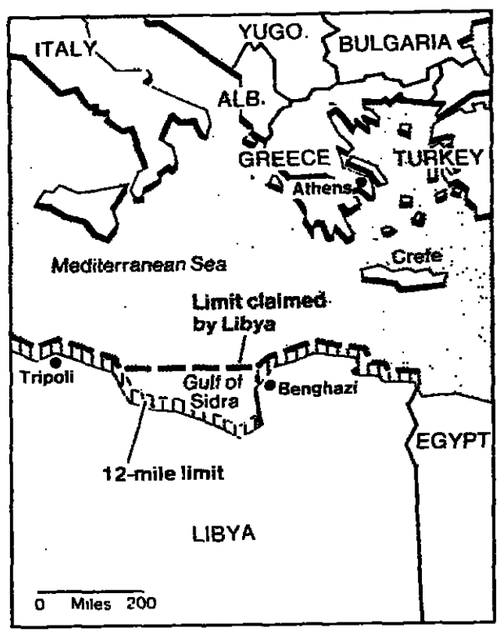
And the United States eased away from a longstanding demand that before any serious deal-cutting could begin Washington and Moscow had to first agree on exactly how many Warsaw Pact soldiers were in fact based in Europe. Western nations have estimated that the Warsaw Pact has 1,210,000 troops and NATO about 990,000; the Soviet Union has maintained that both sides have roughly the same number.

Last week, Larry Speakes, the White House spokesman, said Moscow's representatives in Vienna had failed to respond "constructively" to Western proposals that would have the two sides, among other things, withdraw a total of 16,500 troops and submit to inspections to make sure neither side was secretly beefing up its forces. When the American proposal was put forth in December, Valerian V. Mikhailov, the head of the Soviet delegation, attacked it for imposing "excessively inflated verification measures disregarding existing realities." The negotiations are scheduled to resume May 15.

James F. Clarity, Richard Levine and Milt Freudenheim

Reagan Shows the Flag . . . to Congress, too

For consumption at home as well as abroad, the United States has stepped up its shows of power on the seas. Last week, another aircraft carrier — the third — entered the Mediterranean for exercises that may involve flights above the Gulf of Sidra, which Libya claims but the United States describes as international waters. Two weeks ago, a guided missile cruiser and a destroyer circled the Black Sea, sailing within six nautical miles of the Crimea. Moscow described the incursion as "provocative." The Pentagon said its purpose was to gather intelligence and assert the right of innocent passage, which permits nonbelligerent warships to take shortcuts. Both exercises, officials said, were intended in part to buttress President Reagan's military spending request; after previous shows of strength, they said, his popularity has jumped.



Latin Backers of Contra Aid Seem Strangely Silent

Nicaragua's Neighbors Are Wary

By JAMES LeMOYNE

SAN SALVADOR — It is difficult to find a Central American government official who is not highly critical of Nicaragua's Sandinistas. Still, no leader in the region was willing last week to support President Reagan's campaign to provide $100 million for anti-Sandinista guerrillas. This public silence seemed particularly galling to United States officials who contended that Central Americans had recently confided to Mr. Reagan's special envoy, Philip C. Habib, that indeed they supported the President's position.

Central American leaders give several reasons why they must say one thing privately and be silent or ambivalent in public. Most say they are compelled to observe the long Latin American tradition of nonintervention in the affairs of other states. And even though opinion polls in Honduras and Costa Rica show strong opposition to the Sandinistas, public sentiment seldom determines policy in the region's autocratic societies. In such circumstances, it is difficult to judge the political significance of private assurances that may be denied or discarded at the first convenient opportunity.

In addition, some senior officials in the region appear to be cautious because they are uncertain of the durability of Washington's commitment to the contras, as the guerrillas are known. There also seems to be a general belief that if Nicaragua is as great a threat as Mr. Reagan says, the United States will settle the problem itself.

"They ask us when we are going to go in and clean up this mess," said one American diplomat in the region. "But when we ask them if they would back us up, they say, 'Not on your life.' "

Despite such shyness, some countries have indicated their true sentiments by quietly assisting the Nicaraguan rebels. The most obvious example is Honduras, which for almost five years has allowed the contras to train and maintain bases in its territory. According to Western diplomats, the Honduran President, José Azcona Hoyo, is willing to let the guerrillas continue receiving American aid so long as the operation is handled discreetly.

But while they support the guerrilla effort, the Hondurans are also among those most deeply worried about Washington's commitment, worry that sharpens whenever the contra cause seems to lose ground in Washington. Honduran officials have repeatedly told United States envoys that they fear they will one day be left to clean up a demoralized rebel army — not to mention having to rebuild relations with Nicaragua. "We have hammered them and hammered them that they have to support the guerrillas if they want to promote democracy in the region," said one American official. "What do they do if we quit?"

El Salvador has also been strongly critical of Nicaragua. Pointing to evidence that they support the Marxist-led Salvadoran guerrilla movement, President José Napoleon Duarte has often denounced the Sandinistas. After condemning Nicaraguan intervention in El Salvador, Mr. Duarte has found it impossible to publicly support guerrilla attacks on Nicaragua.

But El Salvador has been willing to provide help under the table. When the Central Intelligence Agency launched air and sea attacks on Nicaragua two years ago, it used El Salvador as a base, according to both American and rebel officials. In recent months several loads of weapons and other supplies for the rebels have been flown out of El Salvador, according to Western officials. In addition, when Reagan Administration officials sought a way to put pressure on the Sandinistas just before last week's House vote on aid to the contras, they turned to Mr. Duarte. The Administration asked him to offer to negotiate with the Salvadoran guerrillas if the Sandinistas would agree to negotiate with the Nicaraguan rebels, according to Salvadoran and American officials. Mr. Duarte agreed, but his proposal for a "simultaneous dialogue" was ignored in Managua.

The Government of Guatemala has charted a more independent course. The new president, Vinicio Cerezo, invited the Nicaraguan President, Daniel Ortega Saavedra, to his inauguration, and has said he supports negotiations to settle the region's conflicts. But the highly conservative Guatemalan army has provided weapons to the Nicaraguan rebels, and Guatemalan businessmen have sold them supplies, according to reliable rebel sources.

The Administration has been most flustered by Costa Rica's new president-elect, Oscar Arias Sánchez, who has recently opposed aid to the Nicaraguan guerrillas. Mr. Arias is one of harshest critics of the Sandinista leaders, accusing them of building "a second Cuba." But he seems to be taking his cue from opinion polls showing that Costa Ricans strongly oppose the Sandinistas, but also strongly oppose a war in the region. Mr. Arias has said he believes that American money would be best spent fortifying governments to resist Nicaraguan influence.

If the American-backed guerrillas do not gain strength in the year ahead, other Central American leaders may adopt Mr. Arias's position. No matter what happens, it is unlikely that any government will be willing to translate private opposition to the Sandinistas into public support for their overthrow.

Gamma-Liaison/Larry Boyd (Azcona); J.B. Pictures/Charles Bonnay

José Azcona Hoyo (top), President of Honduras, and Oscar Arias Sánchez, President of Costa Rica.

Moscow Signs the Checks but Watches Its Words

Moscow

THE Kremlin is not usually hesitant about responding to President Reagan, and steamy Russian rhetoric rich in imperialist diktat and rampant militarism is apt to follow quickly any anti-Soviet polemics from Washington. Yet Moscow's response was curiously low-key last week when Mr. Reagan declared that excising the "cancer" of Communism from Nicaragua would have a high priority in the years he has left in the White House.

The House vote rejecting $100 million in aid to the contras was first reported here in a brief Tass dispatch. Pravda's man in Washington wrote of "anti-Nicaraguan hysteria." But a correspondent's dispatch is about as gentle a reaction as Moscow permits.

The muted response was in keeping with the cautious stance Moscow has long adopted toward the Sandinistas, different from the attitude toward Cuba.

The difference was apparent at the 27th Communist Party Congress last month in Moscow, where Fidel Castro sat among the Kremlin's closest allies, while Nicaragua's President, Daniel Ortega Saavedra, did not attend; Nicaragua was ignored in the long speech by Mikhail S. Gorbachev, the Soviet leader. The reason, Western diplomats say, is caution. The Soviet Union and its allies have invested heavily in the Sandinistas by providing arms and oil. Last May, Mr. Ortega, who had been touring Europe seeking support, said he had received $202 million in trade commitments from the Soviet bloc and Yugloslavia, and that Moscow had agreed to supply 80 to 90 percent of his country's oil needs.

In sum, the diplomats say, Moscow's policy is to support the Sandinistas without risking too much prestige. One reason is that the distance from the Soviet Union, and the proximity to the United States, give Moscow little chance of helping the Sandinistas even it wanted to, if Washington threatened direct military intervention. Memories of the American invasion of Grenada, and even of the Cuban missile crisis in 1962, are still fresh in the Kremlin. Then too, Russians seemed wary of giving too much attention and publicity to Mr. Reagan's notion of a Moscow-Havana-Managua conspiracy to subvert Central America.

—SERGE SCHMEMANN

Japan Ponders Its Riches With Embarrassment

By CLYDE HABERMAN

TOKYO — The postwar high the Japanese yen reached against the dollar last week demonstrates the degree to which Japan has become the sorcerer's apprentice of international trade and finance. The money has kept piling up despite efforts to control the flow. It has reached the point that the trade minister, Michio Watanabe, acknowledged that Japan's accumulation of wealth is "a pleasant and, at the same time, an embarrassing thing."

The steady appreciation of the yen over the last six months should slow but hardly halt this accumulation. Trade surpluses — nearly $50 billion against the United States in 1985 — may shrink, but they will remain large. Japan has so much money to invest that it is the largest creditor nation, with a portfolio of foreign securities that expanded by $54.4 billion last year. Thanks to cheaper oil and a stronger yen, Japan can easily withstand a sudden export decline because its overall import bill may drop 10 percent or more.

Money, however, has not bought happiness. There is among Japanese a persistent pessimism, a belief that if things are good they will not stay that way for long. This sentiment was reinforced as the yen rose last week in a speculative foreign exchange market. At one point, it took only 174.60 yen to buy a dollar, one-third less than the 262 yen required a year ago. While the Government and business leaders in the United States proclaimed their happiness, Japanese officials fretted. At midweek, the Bank of Japan was believed to have grown sufficiently concerned to intervene, buying dollars to bolster their value and nudge the American currency away from its record low.

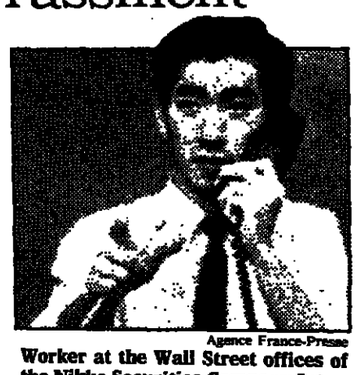
The worry here is that Japanese products, because they cost more, will be hurt in the main export market, the United States. Toyota has twice raised car prices, by a total of 7 percent, to maintain profit margins. Sony's prices have gone up 5 to 12 percent. One Government analyst estimated that if the dollar sank to 170 yen, Japan's trade surplus would shrink by $10 billion. A smaller surplus would make it easier for Prime Minister Yasuhiro Nakasone to avert protectionist actions in the United States and Europe. But if the yen stays powerful and exports tumble, Japan's economy could be headed for a period of little or no growth, putting Mr. Nakasone in a fiscal and political dilemma. How far should he go — or, more realistically, can he go — to stimulate the economy?

He has insisted that Japan must restructure its way of doing business, responding to foreign complaints that Japan continues to concentrate on export and capital growth, acquiring enormous sums of cash that further feed the money machine, while doing little to improve shoddy housing, inadequate sewerage and other problems. Mr. Nakasone appointed an advisory council that is expected to recommend an increase in Japan's foreign aid and housing and urban development through tax incentives and eased regulations. It is also likely that the Government, hoping to massage the economy in a hurry, will ask the Bank of Japan to lower its discount rate below the present 4 percent.

How much further is Mr. Nakasone is prepared to go? Most of the stimulatory ideas under discussion require the Government to spend more, borrow more and take in less. Yet no one has been a more vigorous preacher of fiscal austerity than the Prime Minister, as he has sought to control budget deficits that almost make President Reagan's look small. Japan must borrow 20 cents or more for every dollar it spends; its national debt amounts to 47.9 percent of the gross national product, as against 36.5 percent in the United States. It is not clear how Mr. Nakasone can manage to prime the pump and hold the line at the same time.

There is also a question of whether the huge Japanese surpluses will melt even with a weakened dollar and fortified yen. Thus far, there is no sign of a surge in imports, although foreign goods theoretically should be rolling in because they cost less. Disposable income has yet to rise because windfall profits created by cheaper oil have yet to be passed along to consumers.

Nor is it certain that suddenly higher prices have dulled the American appetite for Toyotas and Sonys. And, if all the machinations devised to date fail to close the trade gap appreciably, questions inevitably will arise whether anything can work.



Agence France-Presse

Worker at the Wall Street offices of the Nikko Securities Company International trading yen last week.

Nuclear Tests: The U.S. Drops the Other Shoe

Exploding the bomb

(Known nuclear tests, 1945-1985)

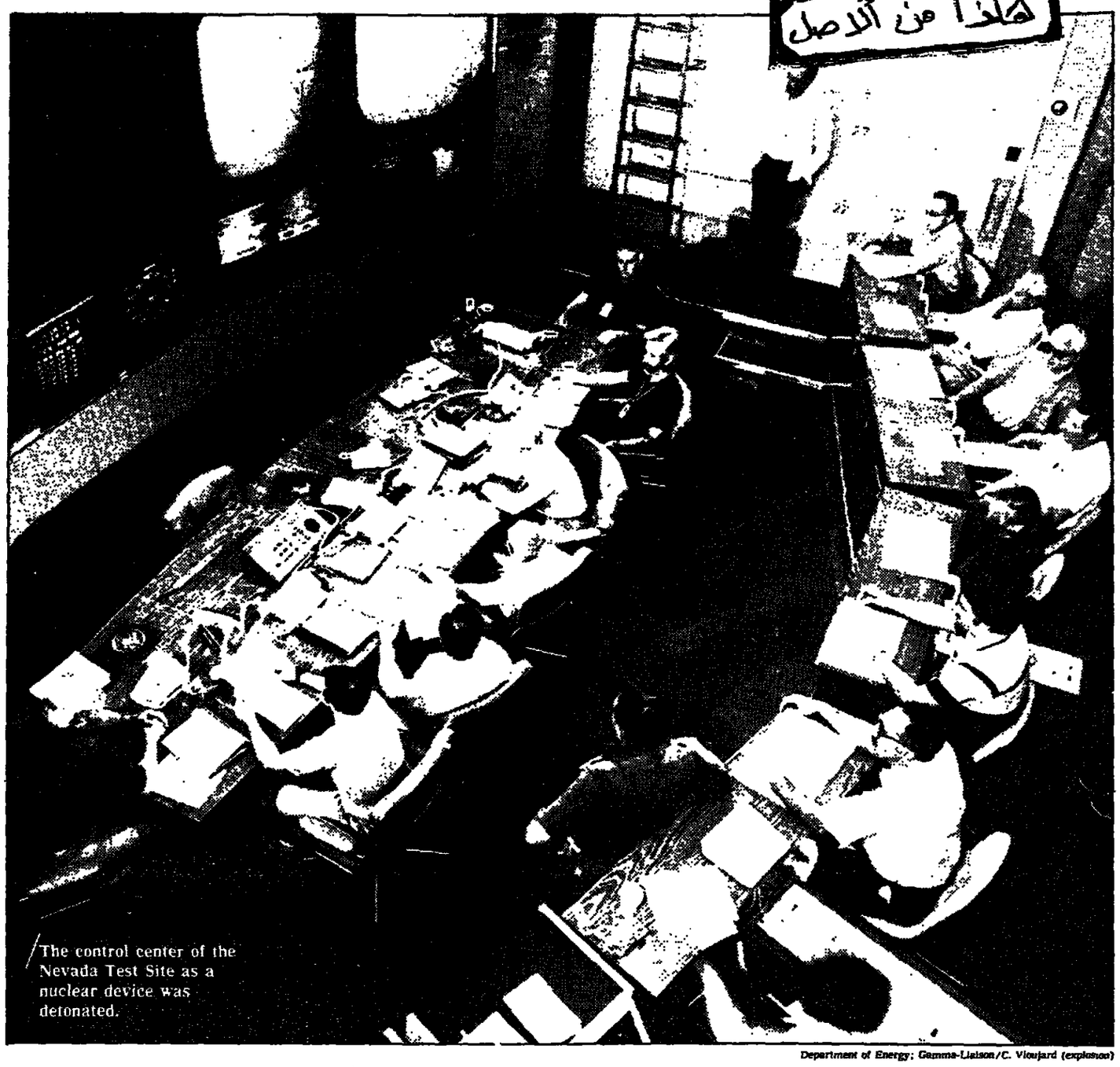
	United States	Soviet Union	Britain	France	China	India
1945	3	0	0	0	0	0
1946	2	0	0	0	0	0
1947	0	0	0	0	0	0
1948	3	0	0	0	0	0
1949	0	1	0	0	0	0
1950	0	0	0	0	0	0
1951	16	2	1	0	0	0
1952	10	0	0	0	0	0
1953	11	4	2	0	0	0
1954	6	7	0	0	0	0
1955	18	5	0	0	0	0
1956	18	9	6	0	0	0
1957	32	15	7	0	0	0
1958	77	29	5	0	0	0
1956-58*		18				
1959	0	0	0	0	0	0
1960	0	0	0	3	0	0
1961	10	50	0	2	0	0
1962	96	44	2	1	0	0
1963	43	0	0	3	0	0
1964	29	6	1	3	1	0
1965	29	9	1	4	1	0
1966	40	15	0	6	3	0
1967	29	16	0	3	2	0
1968	39	13	0	5	1	0
1969	29	15	0	0	2	0
1970	33	13	0	8	1	0
1971	15	20	0	5	1	0
1972	15	22	0	3	2	0
1973	12	14	0	5	1	0
1974	12	20	1	7	1	1
1975	17	15	0	2	1	0
1976	15	17	1	4	4	0
1977	12	18	0	6	1	0
1963-77**		16				
1978	16	27	2	8	3	0
1979	15	29	1	9	0	0
1980	14	21	3	13	1	0
1981	16	21	1	12	0	0
1982	18	31	1	6	0	0
1983	17	27	1	7	2	0
1984	17	27	2	8	2	0
1985	15	8	1	8	0	0
Total	799	604	39	141	30	1

*Stockholm International Peace Research Institute and the Swedish National Defense Research Institute report 18 additional Soviet tests conducted between 1958 and 1958

**French Ministry of Defense reports 16 additional Soviet tests conducted between 1963 and 1977.

Since 1962 British underground nuclear tests have been conducted jointly with the United States in Nevada.

Source: Natural Resources Defense Council



The control center of the Nevada Test Site as a nuclear device was detonated.

Department of Energy; Gamma-Liaison/C. Vioujard (explosion)

The Arms Race Shows No Signs of Slowing Down

By MICHAEL R. GORDON

WASHINGTON

SINCE 1945, the United States has conducted about 800 nuclear tests. Yet the Reagan Administration's decision to conduct another one yesterday sparked special concern in Congress and among arms-control specialists.

Code-named Glencoe, the test was the first United States nuclear explosion since Mikhail S. Gorbachev, the Soviet leader, offered to extend Moscow's July offer of a moratorium on nuclear tests as long as the United States set off no explosions.

Washington's reply was two-fold. First, President Reagan suggested that the United States and the Soviet Union adopt a different approach and take steps to improve the verification of treaties that limit nuclear tests to 150 kilotons. The second part of the reply was the Glencoe test in Nevada —described by Administration officials as the explosion of a weapon that is still under development at the Los Alamos National Laboratory. That the United States and the Soviet Union remain far apart on testing should surprise no one. Arms control appears to be a fallow area these days — despite the hopeful rhetoric that sprung from the meeting between President Reagan and Mr. Gorbachev last November.

Still, nuclear testing seems to evoke particular public concern as a symbol of an arms race that shows no signs of slowing down. Since the beginning the nuclear age, the big powers have conducted all manner of tests: in the air, underwater and underground.

Since 1963, the United States and the Soviet Union have agreed to confine themselves to underground explosions. And they have agreed upon two treaties limiting the size of such explosions to 150 kilotons, but the Reagan White House has declined to submit the agreements to the Senate for approval, citing verification concerns.

In 1984, the year before the Soviet moratorium, Moscow conducted 17 nuclear explosions, almost all of them at its principal Soviet test site south of Semipalatinsk, in east Kazakhstan, according to a recent study by the Natural Resources Defense Council. Some tests are also conducted on the island of Novaya Zemlya, in the Barents Sea.

The Soviet Union conducted 10 additional underground explosions that year, which are thought to have been for construction purposes.

The United States, for its part, also conducted 17 nuclear tests in 1984 as well as two explosions carried out in a joint program with Britain. Britian has undertaken 39 tests, 18 of which have been jointly conducted with the United States.

All United States tests now take place place at a pock-marked Nevada site on which American astronauts used to train for their walk on the moon. The United States does not announce all tests conducted by this country or the Soviet Union, but arms-control specialists consider the Council figures reliable.

France has conducted a total of 141 nuclear tests and China about 30, according to tabulations by the Natural Resources Defense Council. India has also conducted one nuclear test.

Where the superpowers should go from here is the key question.

The Soviet Union, which proclaimed its moratorium last July, has repeatedly proposed a total ban on tests. The Reagan Administration has responded by reiterating its proposal to improve verification of the 1970's treaties limiting test size.

Meanwhile, a lively domestic debate has developed in the United States over the merits of a moratorium or an indefinite ban — and the talk has sometimes generated more heat than light.

Supporters of continued testing have sometimes argued that a ban could not be verified. But verification is not the Administration's principal argument against an end to testing. The Soviet Union recently suggested that it would agree to some form of on-site inspection for a total ban. "Even if effectively verified, a comprehensive test ban would not be in the national security interest of the U.S.," Richard L. Wagner Jr., an assistant secretary of Defense, told Congress last year.

The key reason for continued testing, advocates say, is that it allows the United States to develop new nuclear weapons to deter attack.

Testing opponents have also adopted a less than consistent stance on the issue. Such critics as Senator Alan Cranston of California have argued that one virtue of a ban is that it would reduce the confidence of the superpowers in the reliabililty of their nuclear arsenals and, corresondingly, their confidence in the effectiveness of a nuclear first strike.

Yet, at the same time, the oppponents of testing deny that a ban would reduce the reliability of American weapons.

These arguments and the superpower jockeying have cast the issue in all-or-nothing terms: either a complete ban or continued testing up to the 150-kiloton limit.

A third option, and perhaps the politically feasible approach, would be to negotiate a gradual lowering of the limit on the yield of underground tests. But such an approach is hardly mentioned in the often emotional public debate.

Shultz Faces Hard Bargaining With Greece and Turkey

NATO's Contentious Southern Front

By BERNARD GWERTZMAN

ISTANBUL — Secretary of State George P. Shultz's first trip to Turkey and Greece, the southern flank of NATO, comes when questions are being raised once again about the status of American bases in both countries. Here, where Soviet and NATO forces face each other along thousands of miles of land and water frontiers, Mr. Shultz is attempting one of his more difficult diplomatic tasks: to reduce the friction between Greece and Turkey, NATO allies who distrust each other more than they distrust the Soviet Union. And specifically Mr. Shultz needs to use his skills to insure continued American access to the bases.

In an era of intercontinental nuclear-armed missiles, the attention focused on American bases here or in the Philippines may appear unwarranted. But these "bases" — four in Greece and about 16 in Turkey — serve many functions. Air bases such as Incirlik in Turkey allow American planes, to be poised for attacks on the Soviet Union. Americans based in Turkey close to the Bosporus could block Soviet forces trying to sail from the Black Sea to the Mediterranean.

Early-warning radar installations and radar surveillance planes based in Greece and Turkey keep track of Soviet air and sea power in the region. Listening posts in Turkey provide the United States and the NATO alliance with an estimated 25 percent of the hard intelligence available to the West about Soviet military forces and missile testing. Navy bases in Greece serve as repair stations for the American Sixth Fleet.

The problems for Mr. Shultz are quite different in Turkey and Greece. The Turks, who rely heavily on American support in a world in which they have few allies, have said they would like to continue a 1980 defense cooperation agreement with the United States that expired last year and is being extended on a year-to-year basis.

The New York Times/Marvine Howe

American servicemen repairing a plane at intelligence gathering station in Sinop, Turkey.

But the Turks made it clear last year that they thought the United States had not lived up to the bargain it made for the bases. They grumbled about the level of American aid and the Greek lobby's success in convincing Congress that, for every $10 in assistance it gives Turkey, Greece should receive $7. The Turks last year suggested a formal treaty on the bases, thereby forcing the Senate, which must approve such a pact, to share responsibility for supplying more aid. Turkey gets about $1 billion in assistance, of which about $850 million is military. The Turks would like at least $300 million more. But Washington rejected the idea of a treaty, saying it would cause more problems than it was worth.

But they have also argued that Washington should give Turkey, which has 800,000 troops, most of them with out-of-date equipment, as much aid as Israel receives — about $3 billion a year.

In the 1970's, the Turks, angered at an American arms embargo after their invasion of Cyprus, retaliated by closing some bases. The current Government of Turgut Ozal, who has given priority to better relations with Washington, is not likely to take such drastic action, even if more aid is not forthcoming. But many in the Pentagon argue that an aid increase now might provide insurance for the future. Mr. Shultz, in his talks with Turkish leaders tomorrow and Tuesday, is expected to have an exchange of letters with the Turkish Foreign Minister expressing America's intention of doing as much as possible for Turkey, given budget constraints.

The Secretary of State may have a tougher time in Athens. The Government of Andreas Papandreou, who is given to rhetorical flourishes at Washington's expense, has angered and baffled the Reagan Administration. But despite his promise to pull Greece out of NATO and adopt a more neutral course, Prime Minister Papandreou has remained in the alliance and even strengthened its role in air defenses. Greece has bought 40 American F-16's and stopped talking about closing the bases when its agreement expires in 1988.

But Washington would like something more reassuring. Mr. Shultz said the United States wanted to know as soon as possible whether Greece would continue the base agreement or whether to start searching for alternate facilities in Italy and Turkey. Clearly, Washington does not want to wait until the last months of 1988, then face new aid demands as payment for retaining the bases. "We need to know where we're going here and if the bases are to be abandoned, then we'll need to make other arrangements," Mr. Shultz said. "I don't have in mind some precise time, but we want to tie up the views on that as rapidly as possible. The year 1988 is not that far away when you think about the kind of investment commitments needed with a base structure."

Canada Seems to Profit By Keeping a Low Profile

By CHRISTOPHER S. WREN

OTTAWA

PRIME MINISTER BRIAN MULRONEY has said that to most Americans Canada means snowstorms and the hockey star Wayne Gretzky. But this American misperception may well have done him more good than harm when he visited Washington last week.

Mr. Mulroney got President Reagan to endorse a report that called acid rain a serious problem and committed the Reagan Administration to a $5 billion program aimed at cleaning it up. He pressed his case that proposed talks on freer trade should not be fettered to "irritants of the day," like cheap exports of Canadian softwood, which upset American timber producers. And Mr. Mulroney, lavish in his praise of the President, reinforced Mr. Reagan's view of Canada as a reliable neighbor.

Critics in Canada complained that the acid rain accord would not soon stop noxious oxides from drifting across the border and that, in extending a mutual air defense agreement for five years, Canada risked getting sucked into Mr. Reagan's dream of an anti-ballistic missile system in space. But the visit suggested that, because of the superficial American view, Canada is spared the kind of scrutiny Washington gives most other nations. Publicly, no one talked about Canada's mounting trade surplus with the United States, which approached $15 billion last year. Alarms went off in Congress when Japan began running surpluses that large, but Americans do not seem to view commerce with Canada as particularly foreign. And while Mr. Reagan and Mr. Mulroney discussed defense issues, there was no mention of Canada's outdated armed forces or its paltry contribution to the North Atlantic Treaty Organization.

Before his election in 1984, Mr. Mulroney promised to give defense higher priority, arguing that a first-rate country needed a first-rate military. But while NATO asks members to raise defense spending by a minimum of 3 percent a year after inflation, Canada is planning an increase of 2.75 percent this fiscal year and only 2 percent next year. Mr. Mulroney said Canada would meet its obligations, but not right away, in part because of costly social programs.

American complaints about Canada are usually regional, as when New England fishermen accused Atlantic Canada of unfairly subsidizing fish exports, a determination supported last week by the United States Department of Commerce. But most Americans give Canada the benefit of the doubt because they do not see their strategic interests at stake. And some Canadians who see the preoccupation the Reagan Administration lavishes on Nicaragua these days may realize that they could do worse than be misperceived. Said Jeffrey Simpson, the political columnist for The Globe and Mail: "We should say not 'vive la difference,' but 'vive l'indifference.' "

The Nation

NASA Finally Says A Booster Seam Caused the Blast

Until last week the National Aeronautics and Space Administration had maintained that it was considering several possible causes for the explosion Jan. 28 that consumed the shuttle Challenger and its crew. But on Friday, the space agency conceded what many authorities have been saying for weeks: The disaster almost certainly resulted from the failure of a seam in the aft portion of the right solid-fuel booster rocket.

Summarizing two weeks of laboratory testing for the Presidential commission that is investigating the accident, Dr. Wayne Littles, associate director for engineering at the Marshall Space Flight Center, asserted: "I believe we have eliminated all the other possibilities" except those that "deal with the joint." The panel also saw a computer-enhanced film showing, in the seven seconds before the fireball, flame from a booster joint shooting toward the shuttle's external fuel tank and its volatile cargo of liquid hydrogen and oxygen.

NASA officials said the agency was still conducting tests to determine precisely which components in the joint failed and what the effects of cold weather may have been. The temperature plunged to the mid-20s in the evening before the launching, and Dan Germany, the head of the agency's accident photo analysis team, said his pictorial records were not as complete as they might have been because the cold jammed several tracking cameras.

On Monday, ships searching the ocean bottom near the Kennedy Space Center in Florida recovered a section of the suspect booster rocket. At midweek, NASA investigators said they expected to conclude most undersea salvage work by the April 18 deadline set by the commission.

Meanwhile, South Carolina Senator Ernest F. Hollings, ranking Democat on the Committee on Commerce, Science and Transportation, demanded White House phone records to determine whether NASA was pressured into launch.

U.A.W. Ends Drive At a Honda Plant

In a move that was widely seen as a major setback in its drive to represent workers at foreign-owned plants, the United Automobile Workers decided last week to halt a six-year organization drive at a Honda Motors plant in Marysville, Ohio.

In a petition to the National Labor Relations Board, the union withdrew its request that a date be set for a representation election among the 3,300 workers there. A U.A.W. regional director called the decision "not an admission of defeat, far from it." But Honda officials said defeat would have been certain.

Other Japanese companies with plants here have been watching the union's effort as a measure of labor's strength and of how well American workers have adapted to Japanese management techniques.

Workers at Marysville, 30 miles northwest of Columbus, make $12 an hour, high for the area, but U.A.W. members in American plants earn at least $1.25 an hour more than that. Union sympathizers at the plant said speed — the line is moving at 600 cars a day on two shifts — has been a source of friction.

Martin Resigns From the Fed

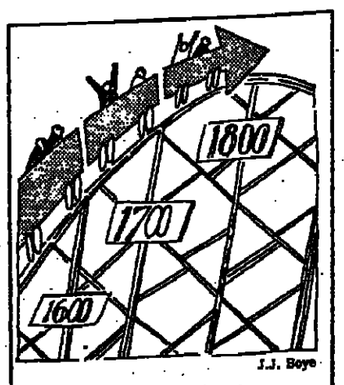
Preston Martin, first of President Reagan's appointees to the Federal Reserve Board, surprised everyone last week except those who know how much he wanted the top job. After he cited personal reasons in announcing his resignation as vice chairman and a member of the Fed, a White House official who declined to be identified said Mr. Martin had "wanted an assurance we couldn't give" — a promise he would get Chairman Paul A. Volcker's post after Mr. Volcker's term expires next year. Mr. Martin's term in the second spot is up next week; he could have remained a member until 1996.

Some analysts said Mr. Martin's departure was not likely to cause a significant shift in Fed policy, which — because of Mr. Volcker's wariness about inflation — has kept interest rates somewhat higher than the White House would like. Others predicted a reduction of tension, if not between the White House and the Fed, then among the governors themselves. In February, it was disclosed last week, Mr. Martin led the three other Reagan appointees in a "palace revolt," overruling the chairman's objection to lowering the discount rate before Japan and West Germany did so. Mr. Volcker, angry to the brink of resignation, won time to bring pressure for combined action; the rate was lowered 10 days later.

U.S. Restricts Consent Decrees

The Reagan Administration pressed its case against judge-made law last week, sharply limiting the power of Federal agencies to consent to court decrees settling lawsuits. Such decrees, often sought by the Government to avoid expensive and complex cases involving civil rights, environmental protection, housing and prisons, will now be much more difficult to use if they mandate new regulations or new money.

Adminsration officials said the new guidelines were necessary to assure that the executive and judicial branches perform their proper roles and to insure that officials of future administrations would not find their prerogatives limited, as they feel theirs has been by consent decrees signed in the Carter years. Civil rights and public interest lawyers said it would now cost citizens more to to sue Washington.



Dow Jones on a ride

After closing above 1,800 for the first time Thursday, the Dow Jones industrial average suffered its fourth-worst decline Friday, falling 35.68 points, to 1,768.56. The cause, experts said, was the "triple witching hour," when three types of instruments expired at once, exciting big investors.

Dollars That Fight Temptation

When it comes to copying machines, modern technology has gotten just a little too miraculous for the Department of the Treasury. To thwart amateur counterfeiting on new office copiers that can reproduce in color and great detail, Treasury Secretary James A. Baker 3d announced last week, the United States is about to change the dollar.

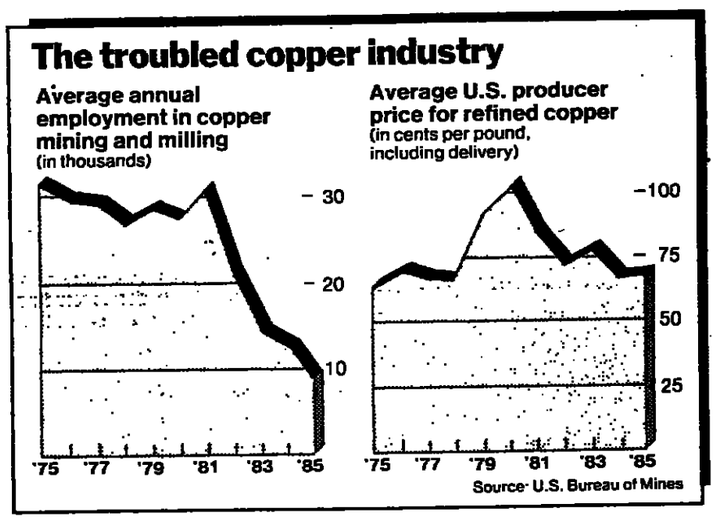
The new bill will look the same to the casual eye. But when held to the light it will be seen to bear a "security thread" in the form a printed legend. The legend cannot be read by the reflected light that copying machines use. Moreover, when the new dollar is viewed under a seven-power magnifying glass, tiny letters around the portrait will be visible, letters too small to be copied by the machines.

Many European currencies have been protected in this way for some time, though their security designs are commonly images produced by watermarks. The Treasury started work on the revised dollar in 1978, when it became known that office copier manufacturers were developing a new generation of machines. The new notes are to be phased in, starting in 15 to 18 months; the old bills will be removed when they would normally be retired. While both the old currency and the new are in circulation, both will be legal tender.

Caroline Rand Herron and Michael Wright

Good for the Country, Bad for Clifton

Copper's Plunge Is Pushing Mining Towns to the Brink



By NICHOLAS D. KRISTOF

CLIFTON, Ariz. — Boiling with fury at copper companies and indignation at the plight of her town, Pat Morales, a long-time resident, pointed at empty storefronts. "That service station is closed," she exclaimed. "That furniture store is closed. There are 41 businesses here that are closed."

This town of about 4,000, miles and miles from nowhere in eastern Arizona, was not always so moribund. Like scores of other hamlets in Arizona, New Mexico and Montana, Clifton once was as buoyant as copper prices. When copper sold for more than $1 a pound, these mining towns swelled and families bought video recorders; today, with copper at 68 cents a pound, in many cases below the cost of production, the towns are bitter repositories of laid-off workers and faded hopes.

Cheap copper has done more than hurt local economies. It has also frayed friendships and smalltown solidarity, with bitter labor disputes and even violence that seems anomalous in this stunningly beautiful desert countryside. Labor unions have refused to accept wage concessions demanded by copper companies, and the result, particularly in Clifton and Ajo, has been bloody strikes that are widely viewed as having failed.

The Ajo mine is closed, and the Morenci mine, a few miles from Clifton and the source of its sustenance, is run with a nonunion workforce. Today the workers at Morenci, the nation's largest operating copper mine, producing about one-fifth of the nation's supply, try to avoid Clifton because of hostility from strikers who live there.

The last five years have produced enormous structural changes in the American economy, and since the 1981-82 recession 10 million more jobs have been created than lost. The fall in copper prices has helped keep America's inflation rate down by reducing costs in industries that use the metal. This may have fostered new jobs, and many economists believe the United States as a whole is better off with cheap copper, essentialy because more people use copper than produce it. But while the benefits of cheap copper tend to be diffuse, the costs are concentrated on a relative handful of people in places like Clifton.

They are people like Denny B. Saiz, who used to be a miner and who says he is now "waiting, waiting." What for? He shrugs. Mr. Saiz is one of the 20,600 American copper miners and millers who have lost their jobs in the last five years, leaving fewer than 10,000 today. Most of the jobs that disappeared were in Arizona. In the Tucson area alone, the number of copper miners and millers has fallen from nearly 8,000 in 1981 to just over 2,000 today. The 6,000 people who were pushed out of the copper industry are among 11.5 million American workers who, according to a Congressional study released recently, lost their jobs between 1979 and 1984 because of plant shutdowns and relocations. Sixty percent have not found new jobs, the study said.

America's economy as a whole has proved resilient, and so has Arizona's, with construction booming and population surging in cities like Tucson and Phoenix. But individuals accustomed to only one job and a way of life have proved less resilient. Tucson is three hours and a world apart from Clifton, and the trip there is a daunting prospect for a worker whose roots are in copper country. Many residents have left, fleeing an unemployment rate that is more than twice that of the state as a whole, but those who remain say they cannot sell their houses and do not know what they could do in a big city.

"I don't have any training, any skills," said Angel Rodriguez, a smelter worker and union leader who has been unemployed for more than two years. "I want to stay here." He paused, and added slowly, bitterly, in a different vein: "My dad stayed here, and I made the same mistake. Fortunately my kids left."

Most industry executives and outside analysts foresee no dramatic improvement in the surge in copper prices or prospects for the copper belt, although many believe prices will revive moderately. While American copper companies are trying to compete, their strategy is to cut labor costs and add technology that eliminates workers. Many economists and Wall Street analysts say that is inevitable, and the only viable strategy, but it is the end of an era for communities like Clifton.

Bipartisan Budget May Have Been Stillborn

WASHINGTON

"THIS is pretty close to a consensus budget," said Senate Budget Committee chairman Pete V. Domenici of the blueprint for 1987 that his committee approved last week. The proposal, which defies President Reagan's insistence on no new taxes and an 8 percent rise in the military budget and preserves many domestic programs the White House would eliminate, is "what will ultimately have to be done," the New Mexico Republican added.

But even as the House Budget Committee chairman, William H. Gray 3d, a Democrat of Pennsylvania, praised the plan — which had been backed 13 to 9 by a majority of both parties — Bob Dole, Republican of Kansas, issued the parliamentary equivalent of "hold it." Rather than bring it to the Senate floor this week, Mr. Dole said he would wait until after the Easter recess and after consultation with the White House.

As is his custom, Mr. Dole, who conferred briefly with the White House chief of staff, Donald T. Regan, Friday, has not said whether he accepts or rejects the committee's plan. But he did say the budget it voted, which raises $18.7 billion in new revenue and cuts Mr. Reagan's request for the Pentagon by $25 billion, limiting it to at best an increase for inflation, is too hard on the military and too strong on revenues. Other Republicans put it more strongly. "This budget is dead on arrival," said Senator Dan Quayle, a Budget Committee member from Indiana.

Mr. Quayle's remark may be overstatement. The strictures of the new balanced-budget law present political as well as fiscal difficulties to those who want to change the proposal on the floor. The law requires the deficit be cut to $144 billion for 1987 and be eliminated by 1991. Tilting back to the President's priorities means billions more for the military and billions less in new revenues.

And that means accepting many of the deep cuts in domestic programs that Mr. Reagan proposed — a prospect a bipartisan majority is not likely to support. And in an election year, it is unlikely that even Mr. Dole's political skills could muster the solid block of Republicans needed for Senate passage. "Pete and I think the more people look at it the more they sort of come back to where we are," said Senator Lawton Chiles of Florida, the ranking Democrat on the budget committee and coauthor of last week's proposal.

Those looking for clues to the outcome noted that despite the constitutional question before the Supreme Court about the deficit reduction law's automatic process for cutting spending, the $144 billion ceiling in the law seems to have become a hard-and-fast goal — and one that is conducive to compromise.

Negotations, members of both House and Senate budget committees have repeatedly said, are preferable to mandated cuts, half from military and half from nonmilitary spending. Whether or not the Senate Budget Committee plan is "what will ultimately have to be done," it will stand as the first real bipartisan budget resolution of the Reagan Presidency.

— JONATHAN FUERBRINGER

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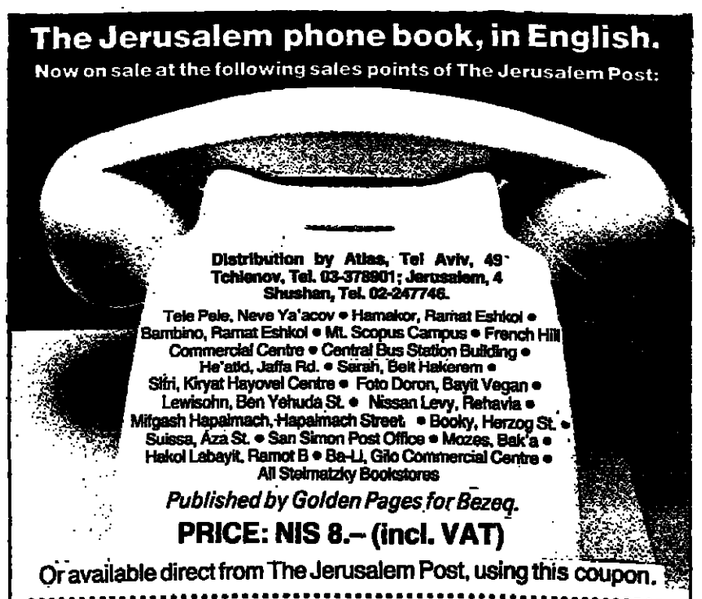

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Is It Too Late for the Little Guy?

The pros say 'No,' but they stress the need for caution —and a strong stomach.

By ANISE C. WALLACE

LINES formed 10 deep in front of the stock quotation machines at the Merrill Lynch kiosk in Grand Central Station last week. Brokers all around the country heard from long-forgotten customers and mutual fund managers were button-holed in restaurants for stock tips. From cocktail parties and subway platforms to suburban golf courses and country stores, conversations kept erupting about the most powerful rally to hit Wall Street in years. Now even the little guy, who has lingered on the sidelines during the last few years, is wondering whether he should jump in.

Overwhelmingly, the professionals say 'Yes.' Mutual fund managers, Wall Street strategists and large institutional money managers contend that there are still years left in the rally of the 80's. They say that people who missed the surge that catapulted the Dow up 500 points since September should take a deep breath — then pick their stocks carefully, brace for some turbulence and jump in.

Despite Friday's big 35.68-point drop — much of it due to the expiration of options and futures — professionals say that the market's fundamentals have not changed. And trying to predict further price declines before investing is an exercise in futility. "Every time I think of doing that, I take two aspirin and lie down," said Harvey P. Eisen, president of Integrated Asset Management, the top-performing independent investment firm in 1985.

The optimism about a continued rally has led some professionals to even compare this period with the early 1920's, when a surging market was poised for several more years of booming growth. "It reminds me of the market that started in 1923. It, too, started from a low point and gradually went up year after year," said John Templeton, the 72-year-old mutual fund manager. Added Michael Metz, senior vice president and strategist of Oppenheimer & Company: "I think it is the early stages rather than the last stage of what could be a lasting bull market." In fact, many are predicting that the Dow will climb to 3,000 by the early 1990's.

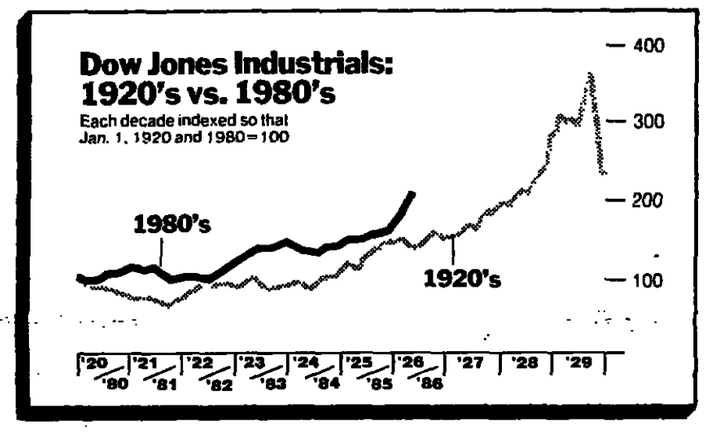
But ironically the widespread bullishness, which helped propel the market past three 100-mark records this year, could turn out to be more of a caution sign than a green light for investors. By some accounts, a resounding 90 percent of investment advisers now are bullish — and that has led to some alarm in the contrarian camp. Contrarians say that the fact that everyone is so optimistic means that the party is over — either temporarily or for good. If bullishness predominates, they reason, it means that everyone is in the market and there is simply no one left to buy stocks.

"It would seem that a lot of ill-advised speculators are taking the bit in their teeth and running," said Philip L. Carret, the 89-year-old portfolio manager and founder of Carret & Company. In fact, rather than seeing the current market as a rosy reflection of 1923 as Mr. Templeton does, he likens it to a much more ominious 1929, and "it scares the hell out of me," he said.

The bears, to be sure, are in the minority these days. The market has defied the pessimists time and again in recent months and many have been badly burned, along with their disgrunted clients. Today's pervasive bullishness stems, at least in part, from an emotional factor that has little to do with economics or corporate fundamentals. Wall Street strategists and portfolio managers continue to recommend stocks — even at these lofty levels — simply because so far it has not paid to be cautious.

Michael Metz of Oppenheimer & Company

When the Dow Jones industrial average crossed 1,300 last fall, many professionals predicted a correction of stock prices. At that time, they said, prices of equities were simply too high and had to fall 10 to 15 percent before resuming any advance. They made the same prediction when the index shot through 1,400. At 1,500, some were still spouting the gospel of correction. At 1,600, fewer mumbled something about a price correction, and last week, when the index pierced 1,800, it was almost impossible to find anyone even mentioning that possibility — until Friday afternoon, when technical selling sank the market and with it, some spirits.



Earlier in the week, a survey of 140 investment advisers by Investors Intelligence, a Larchmont, N.Y. research firm, found that only 10.8 percent of the advisers were pessimistic about the stock market. Last September, before the Dow began its 500-point move, 38.1 percent were bearish.

The bulls say they have good reason to keep buying stocks, particularly now that lower interest rates and low inflation have taken the sizzle out of other investments such as certificates of deposit, real estate or other tangible assets. Behind their optimism, the bulls cite continued low inflation, low rates, the hope for improving corporate profits and investors' willingness to buy shares at higher price/earnings multiples than current levels. They also expect a liquidity boost in the market stemming from the fact that there are more and more corporate and individual assets chasing a dwindling supply of stocks that have been removed from the market by takeovers and mergers.

Nevertheless, there are grounds for caution, especially for small investors. During the past 500-point rise in the Dow, — to been wrong as they predicted a correction — and they could be wrong now, too. Any price correction, could be sharp and severe, making Friday's 36-point drop seem mild by comparison. At this stage, with prices so high, investors need a strong stomach — and patience — to withstand any possible plunge, particularly one that would be well out of the little investor's control.

The market's strong advance has been aided, in part, by so-called program trading — in which professional investors, handling tens of millions of dollars in a single transaction, sell stock index futures and buy stocks to capture the price differential. But these program trades can also work the other way and drive prices lower, as they did late Friday afternoon, when traders sold stocks and bought futures contracts. "Program trading has determined the amplitude and speed," of this rally, said Mr. Metz. "By the same token, we can have the reverse image of this with a painful and rapid sharp decline."

Although fewer and fewer professionals have been talking about a correction recently, in the past they warned of a 10 to 15 percent drop. If that holds true, the market could drop by several hundred points. In fact, some professionals worry that it could drop 100 points in a single day if the program traders unload their stocks so violently that other investors follow in fear.

Worry about such a price collapse has plagued individual investors throughout this rally. They have stepped in only tentatively, preferring to participate through mutual funds, unlike in 1983 when they jumped into a more frenzied market just before it declined sharply. Throughout the 1970's, individuals stayed away from the market and institutions such as pension funds came to dominate trading.

Because of this institutional dominance and the market's 62 percent rise since the fall, investors must now be more selective in their choice of stocks. In the earlier stages of the rally, investors did not have to be geniuses to make money, particularly because there was a momentum fueled by the prospect of declining interest rates and lower oil prices. But those factors will not keep propelling the market higher now, the professionals say.

"You can't depend on the market momentum to bail you out," said Oppenheimer's Mr. Metz. From here on, he says, the market will probably respond to rising corporate profits.

So what stocks should investors buy at this point? Integrated Asset's Mr. Eisen has four criteria that he and his staff use in considering securities. They look for high-quality companies (determined by their return on assets, return on sales and cash flow), companies demonstating a good long-term growth in operating results, stocks of companies showing a steady increase in earnings and what he calls a "kicker," or event that might trigger a buy-out, restructuring or other increase in the stock price.

Mr. Eisen also believes that individuals should look at stocks or stock groups that are out of favor with other investors, particularly those that may not have moved during this rally. This would include many oil stocks, oil service companies, hospital management companies and retail home improvement chains. And he adds three large broad-based brokerage firms — Merrill Lynch, E. F. Hutton and Paine Webber — to that list.

Mr. Templeton, for his part, has concentrated on stocks of unpopular companies — those selling at a lower-than-average price/earnings multiple — for decades. Like many investors, Mr. Templeton likes to buy stocks whose multiple (price divided by earnings per share) is lower than that of the overall market. The Standard & Poor's 500 index, for instance, is selling at a price/earnings multiple of almost 15, and that means he would recommend buying stocks less than that average.

In trying to find low-priced stocks, he and his staff use more than 100 criteria. But the most important include the relation of the stock's price to future earnings, cash flow and to other stocks in the same industry. His Bahamas-based staff evaluates hundreds of companies and determines what they consider a fair value for each. Then they buy what they consider to be the bargains.

Mr. Templeton will not reveal the names of the stocks he is now buying. But he recently finished buying shares in four companies that he thinks remain undervalued. These include Sea Containers, the Jim Walter Corporation, Humana and the Australia and New Zealand Banking Corporation.

Because of the strong advance, Mr. Templeton admits that two of the largest stock positions in his mutual funds — American Stores and Royal Dutch — are no longer bargains. "I would not buy them now," he said.

Mr. Templeton believes that three years from now, stocks will be higher than they are now and he recommends that individuals who have missed out on so far can ease in gradually. He suggests they invest one-sixth of their cash each month over the next six months.

Oppenheimer's Mr. Metz also favors unpopular and unloved stocks and that includes some of the oil stocks that were clobbered earlier this year. "I personally think the oil stocks are attractive here," he said. Some of the energy-related issues he recommends are Kerr-McGee, Atlantic Richfield and Schlumberger.

But Mr. Metz also pointed to Texaco, whose stock price has been held back by the litigation stemming from its 1984 acquisition of Getty Oil. "I think it is one of the best speculations on the Board," he said. He believes that the stock is undervalued because of its large cash flow and oil reserves. And after looking at the heavy trading in the stock over the past few weeks, he thinks the stock is vulnerable to either a takeover or a restructuring by management. "My feeling is that the company is almost 'in play,'" he said, using Wall Street's favorite term for a stock vulnerable to a takeover or restructuring.

Mr. Metz is not focusing solely on stocks that have stalled in this rally. For instance, despite the fact that stocks of insurance companies have been one of the strongest performing groups, he continues to like many of them. Because of a perceived turnaround in the property and casualty business, he believes "this is the beginning of a real lasting cycle that will be favorable for the industry." Two of his recommendations are Safeco and Chubb.

And he favors utility companies because of their ability to generate large amounts of cash. Because of industrywide restructurings, many will be flush with cash this year, he said. Investors will bid up the prices of utility stocks as many of the companies become self-financing and the supply of issues declines, he predicted.

Many so-called growth stock managers, the investment firms that focus on stocks of companies that they hope will generate higher than average earnings, are buying stocks of technology companies. Pilgrim, Baxter, Hoyt & Greig, an investment management firm based in Wayne, Pa., for example, has 35 percent of its clients' portfolios invested in technology stocks.

Companies such as computer manufacturers, software firms and semiconductor manufacturers, for example, should benefit from an improving economy, the firm believes. Recently, according to the company's president, Harold J. Baxter, Pilgrim Baxter has been adding such names as Cipher Data, Floating Point Systems and Wang.

The firm also has invested a large portion of its clients' funds in stocks of financial companies, whose earnings are expected to improve as interest rates decline. Phibro-Salomon and First Boston, two of the firm's large holdings in this category, are seeing the benefits in increased fee income from the surge in financing by corporations seeking to take advantage of lower rates.

Ralph Wanger, portfolio manager of the Acorn fund, a Chicago mutual fund that looks for growth stocks among small and medium-sized companies, also has been buying technology stocks. Avantek, a semiconductor manufacturer, and Pansophic Systems, a software company, are two recent additions to the fund's portfolio.

And in order to capitalize on the advance in the Japanese yen, Mr. Wanger recently added Princeville Development, a company that owns and operates properties in Hawaii and whose stock trades over the counter. "What are the Japanese going to do with their overpriced yen?" Mr. Wanger asked. "Go to Hawaii and play golf."

'VALUE' OUT IN THE COLD

As this rally continues, many investors are wondering whether one of the most popular styles of investing may have reached the end of its line — at least in this market. The so-called value managers are having difficulty finding what they thrive on in building portfolios for their mutual funds and pension funds: relatively cheap stocks, those with lower-than-average price/earnings ratios and higher-than-average dividend payouts.

For a value manager, it is not a buyer's market, "It's a seller's market," said Chris Browne, president of New York's Tweedy, Browne Inc., which has more than 40 percent of its funds parked in Treasury bills. "And that's about all we want to say."

Such high near-cash levels are hurting the performance of their portfolios in the surging market. For instance, the Lindner Fund, a value fund based in St. Louis, has almost 40 percent set aside in short-term instruments such as Treasury bills. "Has it hurt the performance?" asked Kurt Lindner, its founder. "Yes, it has."

Last week, one noted strategist pronounced the value style all but dead. "It looks like the great 'value' bull market is over," wrote Barton M. Biggs, Morgan Stanley's chief investment strategist. He believes that shares of companies with strong earnings prospects — favored by so-called growth investors — will outperform those of companies favored by value investors. "Growth investing is back again."

Some investors think that if the rally continues, the value investors will have to rethink the criteria they have used to buy securities. "I'm rather intrigued at the notion that there are a lot of sensible people who held back and who are now somewhat frustrated that they can't get in," said Stephen Lieber, manager of the Evergreen Mutual Fund. Should the market continue higher, these managers will begin to buy stocks at higher price/earnings ratios than they have in the past, he predicts. And that could put the value managers back in business.

For his part, Mr. Lindner said that he always questions his valuation methods. But at this point he does not plan to change them. In 1972, when stocks were surging, he changed his analytical method and invested all of his portfolios in stocks. In 1973, the market collapsed. "I took a shellacking along with everyone else," he said.

The Economy

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WEEK IN BUSINESS

Martin Bowing Out Of the Fed Spotlight

Preston Martin

Preston Martin will quit as vice chairman of the Fed when his term expires at the end of April. The resignation was something of a surprise, since the grip of the chairman, Paul A. Volcker, is apparently loosening, and Mr. Martin appeared amenable to taking over that job. Mr. Martin and the other three Reagan appointees overruled Mr. Volcker's objections to the recent discount rate cut, and the Fed chairman was sharply criticized by one of the new members, Martha R. Seger, who said he was moving too slowly on lowering interest rates. Mr. Volcker is used to being at odds with the Administration, but dissension from the Fed board is another matter and was seen by some as a signal that he should resign. Instead, it is Mr. Martin who is leaving, indicating that the chairman is digging in his heels.

The municipal bond market stalled after Senator Bob Packwood proposed — on behalf of Treasury Secretary James A. Baker 3d — that interest on all municipal bonds be subject to the alternative minimum tax. Even though most members of Mr. Packwood's tax-writing panel hastily said they would kill the proposal, traders were uneasy that the idea was even raised. Altering municipal bonds' tax-exempt status would make them less attractive, thus raising the cost to the entities trying to sell them. And while the proposal of Mr. Packwood, pictured, was aimed at making sure that large investors pay some tax, traders worry that if big investors stay away, so would small investors.

Treasury securities shrugged off the tax-exempt woes and continued their rise, despite a $5.7 billion increase in M-1.

The "triple witching hour" cursed the bull market in stocks. Once each quarter, stock index options, index futures and individual stock options expire at the same time, and professional traders who hedge with more than one instrument must settle their positions. Trading had already been wild, with the Dow industrials passing the 1,800 mark on Thursday with barely a glance, but the combination of the index expirations and rumors of Mr. Martin's resignation sent the Dow down 35.68 points on Friday. It closed the week at 1,768.56, off 24.18.

The dollar's rapid fall was highlighted against the yen, which hit a postwar high against the American currency. That's good news for American businesses, because it makes Japanese imports more expensive and American products more competitive. But it is bad news for Japan, which sees the other side of the coin: a strong yen could slow economic expansion there, just as the strong dollar hurt the economy here. The dollar's fall has been engineered by the Group of 5 industrial nations, which agreed last September to bring it down, but some economists worry that it is falling too fast. Still, the Japanese Government apparently has not intervened to help the dollar.

The economy was more sluggish in the fourth quarter than previously estimated, with the G.N.P. rising at just a seven-tenths of 1 percent annual rate. That lowered the rate for the year to a dismal 2.2 percent. . . . Housing starts edged down in February from their torrid January pace, but economists say low interest rates will continue to feed the need for new housing. . . . Industry use fell to 80 percent of capacity, mostly because of reduced oil and gas drilling. . . . Personal income gained six-tenths of 1 percent.

OPEC tried again to stem the drop in oil prices, but its efforts seemed largely rhetorical. It insisted it would defend its official price of $28 a barrel — although prices are barely half that — but disclosed no specific plans. Five non-OPEC producers agreed that production must be cut to support prices, but, again, no plans were apparent. With OPEC members unable to agree among themselves on output levels, analysts are extremely skeptical that the outsiders, including Egypt and Mexico, would be willing to start the ball rolling.

The Export-Import Bank offered to lend an American investor group $8.2 million to buy Allis-Chalmers generators instead of Brazilian ones for a Pennsylvania power project. The Ex-Im bank traditionally lends money to foreign buyers of United States products, not domestic buyers. The move was interpreted as a signal that the Administration is serious about fighting unfair trade practices.

People Express will refinance most of its bank debt to appease lenders worried about its financial future. People, which has been on an acquisition binge, is expected to post a loss of as much as $50 million in the quarter. It will sell $115 million in new, but higher-interest, debt securities, leaving it with what it hopes is enough cash to tide it over to summer.

Texaco and Pennzoil may reopen their talks to settle the $10.53 billion judgment against Texaco in the Getty Oil case. But analysts say falling oil prices, which make both companies' balance sheets less healthy, could impede any settlement.

Merrill Perlman

The New York Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED MAR. 21, 1986
(Consolidated)

Company	Sales	Last	Net Chng
AT&T	15,655,700	22¾	– ⅝
Cmw E	10,657,000	33½	– ¾
Det Ed	10,255,300	17⅝	– ⅞
IBM	8,775,100	149	– 1¾
G Mot	8,197,900	83¾	+ 3¾
Cd Pac	6,656,100	14⅜	+ 1
Es Kod	6,419,600	59⅞	+ 1¾
Phil Pt	6,255,500	10	– ⅛
K mart	6,036,200	44⅛	+ 2⅛
Exxon	5,776,900	54⅞	– ⅛
Lilly wt	5,671,700	13¼	...
US Steel	5,562,600	22⅞	– ⅛
Mobil	5,300,500	29⅝	+ ¼
Mid S Ut	5,115,100	12½	+ ½
USFG	5,110,600	43	– 1½

MARKET DIARY	Last Week	Prev. Week
Advances	1,097	1,586
Declines	969	461
Total Issues	2,257	2,251
New Highs	565	857
New Lows	31	35

VOLUME (4 P.M. New York Close)	Last Week	Year To Date
Total Sales	783,187,600	8,236,463,209
Same Per. 1985	515,923,360	6,555,392,520

WEEK'S MARKET AVERAGES

	High	Low	Last	Net Change
New York Stock Exchange				
Indust	156.2	153.4	154.0	–0.94
Transp	130.8	127.7	129.3	–1.08
Utils	68.8	67.8	67.8	–1.66
Finance	157.1	154.9	154.9	–2.70
Composite	136.5	134.6	134.8	–1.37
Standard & Poor's				
400 Indust	262.6	257.4	258.0	–2.37
20 Transp	215.9	208.8	210.2	–5.69
40 Utils	104.5	101.0	101.0	–3.51
40 Financial	31.1	30.3	30.3	–0.75
500 Stocks	237.3	233.2	233.3	–3.21
Dow Jones				
30 Indust	1821.2	1758.3	1768.5	–24.18
20 Transp	823.6	791.7	804.2	–12.02
15 Utils	187.0	183.1	184.6	– 4.87
65 Comb	713.4	691.7	695.4	–11.02

The American Stock Exchange

MOST ACTIVE STOCKS WEEK ENDED MARCH 21, 1986
(Consolidated)

Company	Sales	Last	Net Chng
Wickes	6,228,800	6¼	– ¼
DomePet	4,546,100	1-9/16	+ 3/16
BAT In	4,390,800	5⅞	– 1/16
LorimarT	2,901,700	23⅝	+ ½
KeyPharm	2,567,800	16½	+ ⅜
WangB	1,933,300	19⅜	– 2
Ragan	1,372,400	22⅝	+ 1⅝
Lilly	1,348,100	5	...
TIE	1,245,500	6⅛	– ¾
HomeG	1,140,400	30½	+ ¾

MARKET DIARY	Last Week	Prev. Week
Advances	408	541
Declined	401	283
Unchanged	117	105
Total Issues	926	929
New Highs	136	228
New Lows	19	31

VOLUME (4 P.M. New York Close)	Last Week	Year To Date
Total Sales	76,466,866	762,988,394
Same Per. 1985	45,005,065	538,166,185

The New York Times

Founded in 1851

ADOLPH S. OCHS, *Publisher 1896-1935*
ARTHUR HAYS SULZBERGER, *Publisher 1935-1961*
ORVIL E. DRYFOOS, *Publisher 1961-1963*

ARTHUR OCHS SULZBERGER, *Publisher*

A. M. ROSENTHAL, *Executive Editor*
SEYMOUR TOPPING, *Managing Editor*
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ELISE J. ROSS, *V.P., Systems*

Time Out for Nicaragua

The House's rejection of a $100 million aid package for the "contra" rebels last week was as much a test of domestic wills as of foreign policies. President Reagan and House Democrats, representing broad constituencies, resent and distrust each other's basic instincts in dealing with Nicaragua. But however our checks and balances are finally calibrated, the Sandinistas should have no doubt about Americans' disapproval of their present course. What produced the 222-210 vote against giving Mr. Reagan free rein was agreement to vote again next month on a better hedged package of sanctions. A more sophisticated American response requires a comparable step backward in Managua.

Mr. Reagan erred in turning the argument into a test of anti-Communist fervor. Those who opposed him sensibly doubt that America's interests and democratic values in Nicaragua can be advanced by an exile army with no impressive following in that country. The fears of blundering into another Vietnam were only heightened when Mr. Reagan portrayed all Latin America as a continent of dominoes waiting to collapse at Nicaragua's touch.

The President's fear is not another Vietnam but another Cuba. And with cause. The Sandinistas turned to Cuba and the Soviet Union even before the contra challenge; their intended new order looks to be totalitarian and their ideology demonizes the United States.

But all these arguments by analogy risk obscuring reality — and opportunity. The Sandinistas have arrived without a charismatic leader and at a time of global disenchantment with the Soviet model. Their need for acceptance abroad and capacity to govern at home has so far impelled them to tolerate open opposition, led by a hostile Roman Catholic Church. Even as a civil war beckons, some of their internal critics still speak out.

If the Managua junta will but listen, there is a lesson in Washington's hesitation about the contras. What unites Americans is fear that a second Communist tyranny will take root in the hemisphere. What divides Americans is the wisdom of using force in a region where past interventions are an ugly memory. The way out is to strive afresh for a negotiated settlement that assuages America's fear and honors Nicaragua's self-respect.

Congress can hobble Mr. Reagan's resort to violence but it cannot, alone, force him into a shrewder diplomacy. Managua's conduct also counts. Mr. Reagan has offered the Sandinistas a cease-fire if they will negotiate with the contras — some of the very people they fought for years to drive from power. But Arturo Cruz, a democrat who now speaks for the coalition of rebels, says it would be enough for the regime to negotiate with recognized opposition groups inside Nicaragua.

What is there to talk about? Potentially a great deal: how much aid could be had from the democratic world for a truly pluralistic regime; what military and economic burdens could be shed if Nicaragua turned away from the Soviet bloc to genuine neutrality; how much sympathy and support could be found in other Latin societies by a regime that practices true independence.

America's leaders last week gained another chance to liberate their policy from simplistic analogies. Nicaragua's gained another chance to escape discredited dogma. There is no need for another war of intervention or cycle of tyranny to prove the verdict of recent history: this hemisphere's future belongs to democrats.

The Turning Point on Acid Rain

The web of nature is so resilient that it tears only under the roughest insults. That's why biologists concerned about acid rain have had so hard a case to prove. Rain made acid by industrial pollution doesn't eat visible holes in leaves or poison fish in a single downpour. The mildest of toxins, its damage is subtle and accumulates over decades. The hundreds of lifeless lakes now found from Florida to Maine are only the most obvious symptoms of a whole seaboard under severe environmental stress.

For five years, the Reagan Administration doggedly opposed all attempts to control the chief sources of acid rain — power plants that burn high-sulfur coal without trapping the emitted sulfur dioxide gas. The pretext was always that more study was needed before costly action could be justified. But the messengers Mr. Reagan sent out to confirm his equanimous view kept returning with a different, more urgent answer.

A panel in 1983 concluded that despite many uncertainties, action against acid rain should start immediately. Mr. Reagan spurned the advice and turned down a modest acid rain control program proposed by William Ruckelshaus, then head of the Environmental Protection Agency. But last week came a late, still welcome Presidential conversion.

Mr. Reagan said he fully accepted a new report by Drew Lewis, his former Secretary of Transportation and special envoy to Canada on acid rain. Mr. Lewis did not recommend a control program but stated the logical basis for one. Acid rain, he concluded, is a "serious environmental problem" with high potential for long-term socioeconomic costs. Hence, "it is not U.S. policy to wait for definitive answers on all major acid uncertainties before making a decision to act."

With the President's acceptance of this principle, the long impasse in Congress over acid rain control may at last be breakable. The Northeastern states want Midwest utilities to install expensive scrubbers to trap their gases, or else burn low-sulfur coal. Coal miners in Eastern states, who produce mostly high-sulfur coal, fear losing 40,000 jobs to the low-sulfur mines of the West. This clash of powerful interests has favored advocates of inaction.

With the President's acknowledgment of the acid rain problem, procrastination is no longer so justifiable. A wider constituency now favors control because the first signs of acid rain damage are beginning to appear in the West and Southeast. Congress at last has the chance of finding a way to reconcile opposing factions and protect lakes and forests across the country.

Mayor Koch's Sweet Adversity

"Sweet are the uses of adversity," sayeth New York's City Hall, quoting Shakespeare. The spreading scandals are mortifying, but Mayor Koch perceives a hope for changes that could not be achieved in quieter times. For example, it may be a good time to curb the influence of self-enriching party leaders like the late Donald Manes of Queens and Stanley Friedman of the Bronx.

One source of excessive power has been their influence, through the City Council, over mayoral appointments to nine city commissions and boards, some quite powerful in themselves. Unlike the heads of major departments, like police and sanitation, these commission members serve for fixed terms and must be confirmed by the Council. The Mayor now confesses what he used to deny, that political leaders have forced or narrowed his choices for appointments to agencies like the Board of Standards and Appeals, the Taxi and Limousine Commission, the Tax Commission and the Landmarks Preservation Commission.

So by executive order, Mr. Koch has now bound himself to nominate only from a list cleared by a special committee, to be led by Floyd Abrams, a lawyer who specializes in First Amendment cases. It's an interesting ploy for nominally surrendering mayoral power in order to regain some. But the Mayor cannot thus surrender responsibility.

The agencies in question regulate some of the city government's most delicate tasks: they grant zoning variances, set taxi rates and rules, adjust tax assessments and settle landmark status for valuable real estate. Except for an investigation of Jay Turoff, the former taxi commission chairman, the current scandals have not directly touched these boards. But given their importance, why mortgage the jobs to various political headquarters?

The Mayor's new system is patterned after his widely acclaimed procedure for selecting judges. If the committee finds highly qualified candidates, its nominees should be hard to resist. Political leaders and legislators remain free to nominate, but to the committee, not the Mayor. If this system works, it will be to the Mayor's credit and benefit. If it should fail, however, the blame must go not to some unelected panel, but to the Mayor.

Topics

Purchasing Power

Military Benefit?

Given that cigarette smoking is a formidable enemy to health, it seems strange that the military services continue to encourage the habit. How else to construe a discount of up to 35 percent on cigarettes sold at military installations?

That discount may even create the habit in young military personnel. Yet Defense Secretary Weinberger refuses to increase the price — or to accept the recommendation of his Assistant Secretary for Health Affairs, William Mayer, that commissaries give up selling cigarettes. Instead, Mr. Weinberger calls for an antismoking campaign.

That pleases the Tobacco Institute and associations of military personnel, who describe cut-rate cigarettes as "a benefit" of military life. Benefit? Cigarettes are responsible for 9 of 10 lung cancers, a third of all heart-disease deaths and most deaths from emphysema and chronic bronchitis.

"How could the removal of cigarettes be viewed as a reduction of benefits when the only benefits would be a lifetime of illness and early death?" asks the Surgeon General, Dr. C. Everett Koop. How indeed.

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Coin of Opportunity

With New York's transit fare at an even dollar, there is some consolation for subway riders in faster token booth sales. But there's none for bus riders; a dollar bill can't be digested by the bus coin machines. Must bus riders forever scramble for change, even to the point of buying unwanted gum and mints? Unfortunately, it is still impractical and unsafe for bus drivers to handle money. Fare boxes that take bills are said to be expensive and unwieldy.

One answer is to sell tokens more widely — as may happen once the M.T.A. allows banks and other outlets to make money on token sales.

Another option already exists: the Susan B. Anthony dollar. Banks across the country are sitting on 479 million of them. If New York retailers routinely stocked them, bus riders would quickly learn that a dollar can buy a bus ride. Which retailers could begin to circulate the dollar coins? Why not the subway token booths?

Letters

A Flawed Proposal to Help Medicare Patients

To the Editor:

"Peace of Mind for $155" (editorial, March 3) left me wondering whose mind would be put at peace by Health and Human Services Secretary Otis Bowen's plan and at what cost.

Dr. Bowen proposes to help a group comprising less than 1 percent of all hospitalized Medicare patients — those who require lengthy stays. This plan would be financed by increasing the premium all Medicare beneficiaries pay under Medicare Part B. Thus over 99 percent of the Medicare population would be asked to finance a "benefit" they would probably never need.

Dr. Bowen's proposal does not address the catastrophic illness that older persons face. A catastrophe usually occurs when people have a debilitating illness, such as a stroke or Alzheimer's disease, which results in the need for long-term chronic care services. Most Americans are not aware that home-care assistance, including bathing, injections, cooking and shopping is very limited under Medicare and that such "custodial" care in a nursing home is not covered by Medicare at all. Many middle-class elderly people become impoverished as a result of paying privately for such assistance. What is needed is a long-term program under Medicare to prevent such catastrophes.

You applaud Dr. Bowen's plan because it would remove the need for the elderly to purchase costly ($500-$800/year) private insurance ("Medigap") policies to supplement their Medicare coverage. However, under Dr. Bowen's plan the elderly would still have to pay over $1,200/year, for the two hospital deductibles (currently totaling $984) and the proposed increased Part B deductible ($350). Thus, they would still have a need to purchase private insurance policies which cover these high out-of-pocket expenses.

At the same time the Administration is studying this catastrophic health plan, it is also proposing an increase in the costs that Medicare beneficiaries face. The President has already proposed increases in the Part B premium and the Part B deductible, and a new home copayment.

As the elderly are being asked to pay more for health care, it is important to realize that Dr. Bowen's plan does not offer an additional benefit that will bring them "peace of mind," but is another proposal that will cost them dearly.

ANDREW KOSKI
New York, March 3, 1986

The writer is a social worker at Brookdale Center on Aging, Hunter College.

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To the Editor:

The "Medigap" insurance industry is still peddling expensive, inefficient and misleading policy coverage to our parents. You point out that this mess could be cleaned up at no cost to the Treasury by adopting Otis Bowen's proposal to increase Medicare premiums by about $13 per month.

Dr. Bowen's plan has one flaw: While $13 is little burden for most of the elderly, it would weigh heavily on the poorest. I would exempt anyone with less than $5,000 in income from the increase, and pay for the exemption by restructuring Medicare's supplementary insurance program.

Three-fourths of this program is financed by general revenues. If this premium subsidy, which comes to $558 a year per enrollee, were counted as taxable income for those earning more than $25,000 or couples more than $32,000 (the threshold above which we now tax Social Security benefits), there would be enough revenue to hold the very poor harmless against premium increases.

You accurately note the larger problem for the elderly is the lack of long-term care. State Medicaid programs are inadequate in most cases, requiring that an elderly couple exhaust their savings before either spouse becomes eligible for aid.

The answer is a partial repeal of the current tax exemption for employee medical benefits, with the proceeds dedicated to financing a comprehensive program of long-term care. If that tax exemption were capped at $70 per month per individual ($175 for a family), there would be $10 billion a year available for the decent nursing care that many of us now in the work force are eventually going to need. Our parents need it now, and we have a duty to provide it.

BRUCE BABBITT
Governor of Arizona
Phoenix, March 5, 1986

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To the Editor:

To obtain financial support from the income of an institutionalized elderly spouse, the public and the bar should be aware of an alternative to suing the spouse for support. Under Section 425 of New York State's Family Court Act, an agreement for support can be submitted to the court for approval. When approved, it has the full effect of an order for support in a lawsuit. If the institutionalized spouse is competent to enter into such an agreement, this procedure may be much less distressing and distasteful than suing the spouse for support.

STEPHEN NORMAN
Staff Attorney, Vermont Legal Aid
Burlington, Vt., March 11, 1986

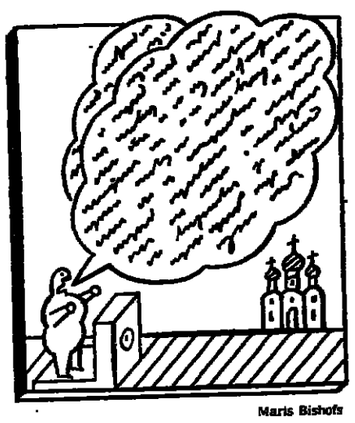
What's Wrong With Five-Hour Speeches?

To the Editor:

I am intrigued by James Reston's casting of Mikhail Gorbachev as a bore or something of a political naïf because he insists on making five-hour speeches (column, March 12). Mr. Reston points out that Gorbachev "apparently stunned his audience into sleepy acquiescence" and notes questions raised whether the world can be safely left to the mercy of those who make five-hour speeches.

What I find so interesting in all this is the general perception that five-hour speeches are by definition bad. Isn't this simply a product of our television culture; a place where even the most complex of issues are generally disposed of in a 30-second bite on the evening news? Are we any better off living in a country where President Reagan can deal with the question of intervention in Central America in a two-minute response? Have we come to embrace superficiality? Could Reagan, in fact, make a five-hour speech? Does he have sufficient information at hand to sustain it? Perhaps instead of denigrating those who stun audiences into sleepy acquiescence with five-hour speeches, it might be better to ask about those who entertain audiences into smiling complacency with five-minute answers. Or five-second answers.

The reason all of this is so timely (so to speak) for Americans, is because in historical fact, we too have a great tradition of long-winded political speeches. The Lincoln-Douglass debates often went on for more than seven hours at a stretch. The interesting thing here is that the audience often sat in rapt attention as each participant explained each point or answered each accusation. In complex questions, time is often necessary to



Maris Bishofs

avoid simplistic answers. How many Americans could sit through seven hours of debate today — even if the participants were Lincoln and Douglass? It is no wonder that we end up boiling down the most tangled issues to a simplistic good and bad.

No, I think criticism of Mr. Gorbachev and those of his ilk is a bit off base. If only this country had a leader who would take the time to explain in depth exactly what he meant. But then again, perhaps we're all better off with our 30-second answers.

MICHAEL ROSENBLUM
New York, March 17, 1986

Anti-Homosexual Bias Violates a Moral Principle

To the Editor:

While I applaud your support of the bill to restrict discrimination against homosexuals (editorial, March 14), I regret your failure to recognize the deeply rooted moral principle which such legislation helps to vindicate.

Discrimination on the basis of sexual orientation violates the same principle of intrinsic human worth as does discrimination on the basis of race or sex. It is said that sexual orientation is different because behavior is involved — behavior involving choices that cannot be "endorsed." Any difference is only apparent.

Discriminatory laws once prohibited blacks from entering certain doors, drinking from certain fountains, marrying certain people, and engaging in certain occupations. Behavior was prohibited — behavior involving choice. So long as blacks conformed to these standards of behavior, they were left alone. But each of these laws is today viewed as morally offensive. Each reflects the heinous view that people, because black, have a predetermined and restricted role in society.

Discriminatory laws once prohibited women from owning property, serving on juries, engaging in certain occupations, disobeying their husbands — doing anything that broke "God's mold" which formed and defined womanhood. Behavior was prohibited — behavior involving choice.

So long as women stayed within the mold, by conforming their behavior to society's prevailing prejudices, they were left alone. But each of these laws is today viewed as morally offensive. Each reflects the heinous view that people, because women, have a predetermined and restricted role in society.

Discrimination against homosexual people reflects perhaps the purest form of sexism. A man, because a man, may not love a man. A woman, because a woman, may not love a woman. A person's love is either virtuous or evil, according to that person's gender.

If we cannot confront our remaining prejudices, and recognize that the essence of homophobia is the essence of racism and sexism which we can today so smugly condemn, then we are no more able to think for ourselves than were our mothers who tended their slaves, and our fathers who tended our mothers.

DAVID CHANG
New York, March 15, 1986

There's No Monopoly On Blame for Ulster

To the Editor:

The hope, expressed in your March 17 editorial, that Margaret Thatcher will "coax" Northern Irish Protestants out of their "self-made wilderness" is puzzling. Self-made? For all their faults even the looniest Protestant extremists, without help, couldn't mess up Northern Ireland as thoroughly as that has been done.

Whose help? Look to The Times's news pages:

- The Irish Republican Army murders soldiers, policemen and civilians in Ulster and England.
- Tub-thumping Americans support this and other unlawful Irish nationalist activities.
- English commandos reportedly assassinate terrorist suspects.

Surely you should not overlook what the news pages document all too well: the Northern Irish wilderness is the responsibility of many people.

While Prime Minister Thatcher is "coaxing" the Protestant diehards, we may hope somebody will also have a quiet word with the I.R.A. gunmen, their American underwriters and their Special Air Service opponents.

BRYAN R. DUNLAP
New York, March 18, 1986

What Overcame Javits Wasn't Conservatism

To the Editor:

I take issue with your editorial eulogizing Jacob Javits (March 8). You say "he finally succumbed to the conservatism of Alfonse D'Amato." I think he succumbed to advancing age (76) and a very serious ailment.

A senator's term, after all, is six years. Yet after having lost the primary he was not content to just bow out. He ran on the Liberal Party ticket and succeeded in taking the election away from Elizabeth Holtzman and handing it to Mr. D'Amato.

It was not a matter of conservatism. Had he not run, Miss Holtzman, a liberal Democrat, would have won.

Mr. Javits certainly deserves to be eulogized, but the comment about his "succumbing to conservatism" is not so.

MAE RATTIEN
Brooklyn, March 8, 1986

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

Covert C.I.A. Operations Are Not 'Illegitimate'

To the Editor:

Prof. Herbert C. Kelman's blithe assertion ("When Scholars Work With the C.I.A.," Op-Ed March 5) that C.I.A. activities "run the gamut from legitimate political analyses . . . to clearly illegitimate covert operations" must not be allowed to go unchallenged.

Professor Kelman's reference appears to be to covert action operations (more properly "special activities") which are in fact undertaken pursuant to Presidential findings required by statute and executive order (22 U.S.C. 2422 and section 3.1 of Executive Order 12333), and which are notified to the Legislative Branch under the Congressional oversight provisions in title V of the National Security Act (50 U.S.C. 413). The Congress, moreover, annually authorizes and appropriates funds for our nation's intelligence activities, including special activities.

Everyone is entitled to oppose any or all intelligence activities. The fact that Professor Kelman may not like certain kinds of operations does not; however, make them illegitimate.

DAVE DURENBERGER
Chairman, Senate Select Committee on Intelligence
Washington, March 11, 1986

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WASHINGTON
James Reston

What Reagan Lost

WASHINGTON

You can always tell that a politician or an actor is getting into trouble when the people stop laughing at his jokes or begin to clap at the wrong places.

That's what happened to President Reagan on the Nicaragua question. What he lost in the House of Representatives was not another $100 million for the contras. He can probably pick that up, 50 cents to the dollar, in the Senate, and with Casey at the bat in the C.I.A., maybe get it all back, one way or another.

What he lost was a bit of his magic, which has been the source of his strength. Somehow, with a wave and a smile, he managed to get away with a policy of borrow and borrow, spend and spend that doubled the total national debt and more than doubled the annual interest rate on that debt.

But when he made $100 million for the rebels in Nicaragua a test of his Presidency and the loyalty of the Congress, even his most faithful supporters here began to think he was pushing his television luck too far.

Particularly since after he lost in the House, he began to lose not only his magic but his temper. He would not accept the doubts of the Congress. He would keep after them for that $100 million for the contras, again and again, until he won.

Meanwhile, in the confusion, some other things are going on in the world. The U.S.-Soviet talks in Geneva on the control of nuclear weapons are not making progress.

The Russians are arguing for an end to nuclear tests, and the United

Not just aid for the contras, but the confidence of Congress

States is testing nuclear weapons underground in the Nevada desert this weekend.

The war between Iran and Iraq continues with spectacular and unnoticed loss of life; the Israelis and Arabs continue their endless feuds in the Middle East, and even the Israeli Parliament has been breaking down into personal and factional fights on the floor of the Knesset.

So in Washington we go on arguing about Nicaragua, and in Moscow they go on arguing about Afghanistan, and in Europe the governments argue about trade and the cost of vegetables. But somehow nobody seems ever to get around to the things they have in common.

One thing they have in common is that all their ideological theories and systems of politics are failing to deal with the realities of human nature. All you have to do is look around.

If the purpose of a government is to look after the well-being of its people, then surely the Soviet Communist system in Moscow is the greatest disappointment of the century. It is no longer regarded as a model for the Communist parties in the Western industrial world, or in Eastern Europe. And even Mikhail Gorbachev, at the recent party congress in the Kremlin, railed at its failures.

The new leaders in China have had to concede that the theories of Mao Zedong were a disaster, and are now trying to match the philosophy of the central kingdom to the computerized revolution of the industrial West.

François Mitterrand in Paris, Margaret Thatcher in London, Helmut Kohl in West Germany, among others, are all finding that their theories are being destroyed by the brutal facts of life, and that they have to compromise with their political opponents at home and with their allies and adversaries abroad.

Maybe this is the good news today. With the first world economy in history, when the price of oil creates turmoil in the Middle East and the Middle West, and creates new problems even in Texas and Louisiana, politicians here and elsewhere have to think anew about how to work together for the people they represent.

And this is precisely the regret here about President Reagan, who stands at the center of this world struggle. He is not concentrating on the central questions of the age but using all of his considerable power and eloquence on Nicaragua. This is what he has really lost in recent days: not only $100 million for the contras, but the confidence of the Congress that he knows where he's going, that he has a sense of what is primary and what is secondary.

And if this is true, it is important. For if we've learned anything about the conduct or misconduct of foreign policy, it is that only the President, and not the Congress, can speak effectively for the United States. This President Reagan has not done. And the Democrats haven't been much help either. But the critical point is that Mr. Reagan has three long years to go during which the tangles of military arms and trade depend primarily on him.

He needs the support of the Congress, but by concentrating on Nicaragua and insisting that this is the main question for decision, he is losing support and hurting himself, his party and the nation in the process. □

The Egypt-Israel Treaty, 7 Years Later

By Samuel W. Lewis

WASHINGTON

Seven years have passed since that chilly afternoon in late March 1979 when a festive crowd gathered before the north portico of the White House to witness a historic drama — the signing of the first peace treaty between Israel and an Arab state. A new era was dawning, or so it seemed. The pageantry of peacemaking silenced, for a heady moment, the doubts and fears of the skeptics.

Seven years later, the Egyptian-Israel peace treaty appears a lonely relic of shattered dreams. Anwar el-Sadat is gone, Menachem Begin in seclusion, Jimmy Carter far from power. Their successors do, on occasion, politely commend their achievement, but today's preoccupations lie elsewhere. In both Israel and Egypt, there is widespread disillusionment with the peace, though few in either country speak of overturning it.

Both President Hosni Mubarak and Prime Minister Shimon Peres — preoccupied with other matters, at home, in the Arab world and over the West Bank and Gaza — grope for some way to rekindle the warmth that has gone out of this peace. As yet, the results are meager, though negotiators still meet, and meet, and meet again.

Nonetheless, peace it is, in a tormented region where peace is rare and warfare and terror seem endemic. The largest, most populous, most powerful Arab state has an open border with Israel, which had never in its modern history seen its citizens crossing any of its land frontiers as simple tourists. Hundreds of thousands of Israelis have by now been photographed by the pyramids and befriended by anonymous Egyptians in coffee houses, hotels and homes. A thin trickle of Egyptians have in turn ventured to Tel Aviv, Jerusalem, Haifa — not many, but some.

Egypt's bustling Embassy in Tel Aviv is, after the United States mission, the largest, most active diplomatic establishment in Israel. The continued absence of an Egyptian ambassador, recalled in the wake of the Sabra and Shatila massacres near Beirut in September 1982, deeply rankles Israeli sensitivities. Yet Egypt's able chargé d'affaires ranges far and wide among Jews and Arabs alike — on television, at academic conferences, in frequent meetings with senior Cabinet ministers.

Israel's Embassy in Cairo is much more isolated, prey to an unacknowledged near-boycott by Egyptian officialdom. Even so, Ambassador Moshe Sasson, fluent in Arabic, moves widely, with his staff, in unofficial Egyptian circles. The Israeli flag flies in Cairo and the Embassy plays an important role in analyzing the political, economic and social currents flowing alongside the Nile.

There is little trade, except in oil; Israel buys much of its energy from Egypt. There could and should be more trade if negotiations revivify some of the many now moribund normalization agreements of 1981 and 1982. The two economies are, however, scarcely complementary, and trade potential is limited.

The border is peaceful, yet watched carefully by a 3,000-man multinational force. Tourists cross it uneventfully by bus, taxi and car at two points, hampered only by outmoded Egyptian bureaucratic practices. A daily flight leapfrogs the intervening desert in one hour; the overland trip

A 'cold peace,' it's true, but warmer than many others

takes about eight. Today, the planes fly three-fourths empty, but they fly.

Disputes, misunderstandings, suspicions, random tragedies like the shooting last autumn of Israeli tourists in Sinai by a fanatical Egyptian policeman, unfulfilled promises, bitter media attacks — all continue to roil the peace. Just last week, terrorists killed two Israeli diplomats in Cairo and wounded others. Yet leaders reaffirm their fidelity to peace, exchange visits and encourage their negotiators to keep trying.

In truth, this "peace" is not much different from the kind of "peace" enjoyed by other nations around the world: colder than most, but warmer than many — India and Pakistan for instance, Greece and Turkey, or the United States and the Soviet Union. It is peace — a first for the region — and it is broadly supported by the common people of both countries who have lost too many sons in fruitless wars to want to fight again. And since it serves the basic interests of both nations, the treaty is a sturdy plant that will not easily be uprooted, even if icicles at times weigh it down.

Egypt's leaders sustain it for another reason: pride prohibits their admitting to Arab critics that Mr. Sadat's choice, to exchange peace for lost lands, might have been mistaken. Israel's leaders embrace it because it realizes a part of the Israelis' fervent dream — acceptance by its neighbors. And, of course, peace in the south frees energy to confront Syria in the north.

Why, then, the disillusionment?

For Israelis, the answer lies in the gap between the dream and the reality. Never having known any peace at all in the 31 years of existence that predated this treaty, Israelis naïvely imagined that peace would mean warmth and friendship, not merely the absence of war. Many subconsciously took the American-Canadian peace as the model. When reality was different, Israelis felt irrationally betrayed — and the idea of peace itself seemed diminished in value.

That disillusion has produced a damaging side-effect: The Israeli public is now less, not more, convinced that giving up strategic depth in territory is worth the risk — if the result is only a "cold peace," hardly more in reality than the de facto state of "nonbelligerency" that already exists on Israel's eastern border with Jordan. "Territory for peace" is a controversial slogan in Israeli politics at best — and the "cold peace" with Egypt makes it less attractive today.

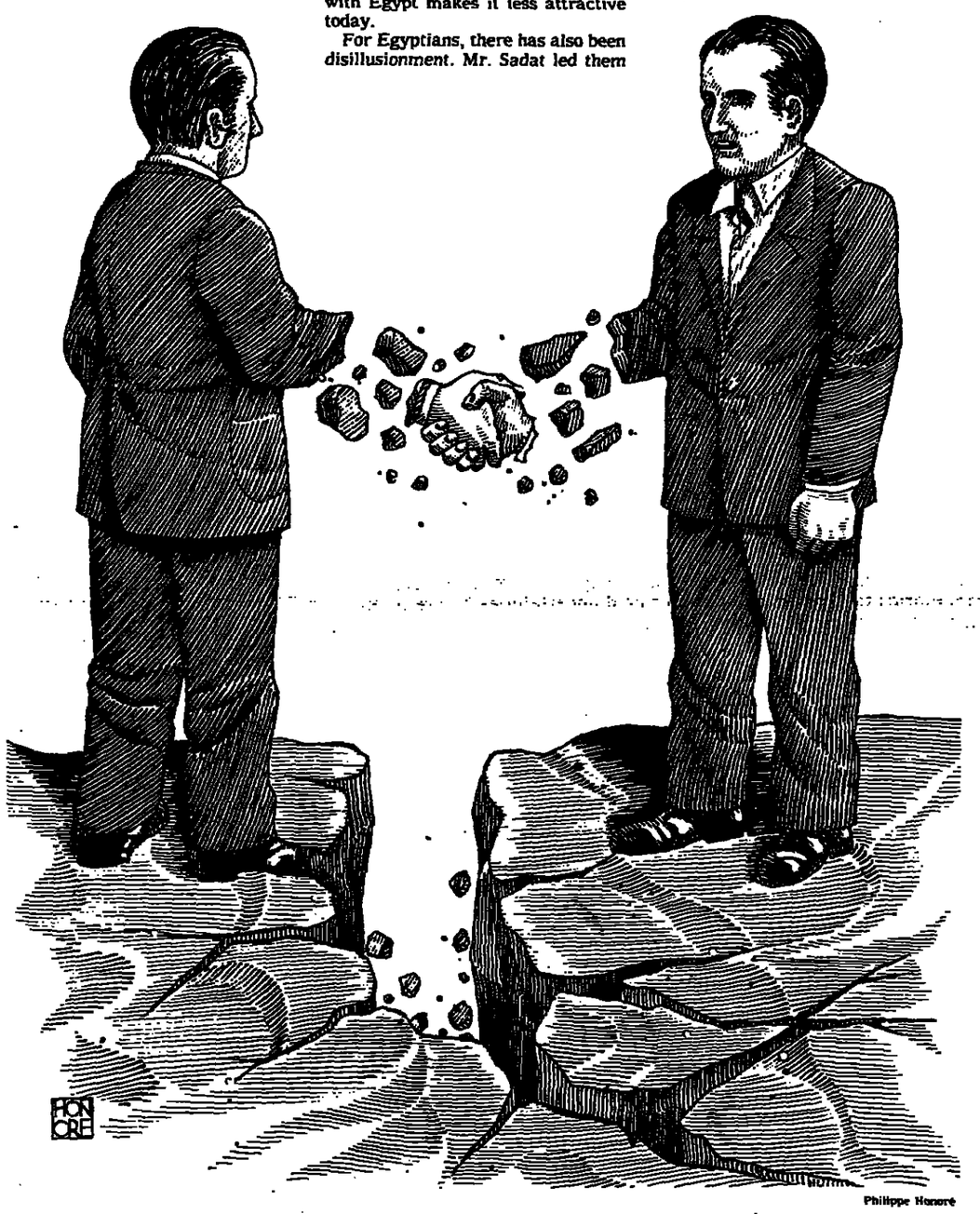
For Egyptians, there has also been disillusionment. Mr. Sadat led them to believe that peace would help overcome their economic hardships, that a settlement of the Palestinian problem would follow, that the Arab world would copy Egypt's example and Egypt would regain its traditional place as Arab leader.

None of that occurred. Instead, a negotiating stalemate thwarted fulfillment of the part of the agreement intended to provide a transitional period of real autonomy for the West Bank and Gaza, while Israeli forces struck at the Iraqi nuclear reactor and the Palestine Liberation Organization in both Beirut and Tunis. Egyptian counsel was ignored in Jerusalem, and Egypt did not become a bridge between Israel and other Arab states. Most important, inexorable population growth and Arab economic sanctions left the Egyptian people still desperately poor and with decreasing hope.

Nevertheless, the peace stands intact after seven blustery years. It survived a vicious war in Lebanon and the Israeli occupation of a great Arab capital. It withstands the strain of an unresolved border dispute over Taba, on the Red Sea, and endures Syrian and Libyan efforts to undermine it. It is not what was once dreamed of, but it is peace — real peace, buttressed by United States support for both nations.

In a region where peace has been determinedly elusive, the Egyptian-Israeli treaty is a mountain peak in a sea of sand. There is no stomach in either people to overturn it. And nothing will again be the same in the Middle East in its wake. □

Samuel W. Lewis, who served as United States Ambassador to Israel from 1977 to 1985, is diplomat in residence at the Johns Hopkins University's School for Advanced International Studies.



Philippe Honoré

FOREIGN AFFAIRS
Flora Lewis

Moratorium Vs. Test Ban

LONDON

The prospects for a Soviet-American summit this year have ebbed away, largely because of Mikhail Gorbachev's overambitious attempt to set conditions. The arms control negotiations in Geneva aren't moving. And now the Russians are reportedly preparing to resume nuclear tests because the U.S. rejects their moratorium.

All this is a regression from the very modest hopes inspired by the Geneva summit last November. There is still no alternative to living on the same earth with the Soviet Union, and no sign of anything being achieved to make that safer. The old reflex that has made nuclear weapons multiply like rabbits is still in command.

More effort is needed to turn the situation around. The best chance at this stage is to resume negotiations for a comprehensive test ban. Mr. Gorbachev has said that Moscow is ready to go much further than before to make sure a ban can be verified.

But we don't really know what that means because the United States has made no effort to probe. The Administration wants to continue testing and doesn't want to risk facing a Soviet offer that might be too good to reject.

The moratorium approach makes it easier to resist pressures that would limit the endless, infernal generation of new nuclear arms. It is important to make a distinction between the meaning of a test ban, and a mere

Which way lies a chance to stop the nuclear arms race

declaration of willingness to suspend nuclear testing, which does nothing to break the cycle of weapons planning and development.

The idea that a moratorium is a first step forward is an illusion. It is unilateral, nonbinding, with no verification. Rather than increasing confidence, it increases suspicion on each side that the other is getting ready for a surprise breakout, and therefore encourages preparations to start up testing again quickly if necessary.

There was a three-year tacit, though not formally agreed, moratorium from 1958 to 1961. That was useful because most tests in those days were conducted in the atmosphere, causing dangerous radioactive pollution. But it ended with a bang when the Russians announced they would test again on Aug. 30, 1961, and proceeded to launch a series of blasts starting Sept. 1.

Controversy exists on who should be blamed for the breakdown, but the facts are simple. On Dec. 31, 1959, President Eisenhower said that because the Russians had continued some tests after talks on a ban had started, the U.S. was "relieved of the obligation" to extend the moratorium. Nonetheless, the U.S. did not start testing again until after the Russians had suddenly launched their intensive series in 1961.

Given this record, plus the fact that all testing now is done underground, another moratorium isn't likely to affect the basic impulse driving the arms race but only to complicate it.

A formally negotiated and ratified prohibition on all tests would have a quite different effect. It would have to include serious verification measures that leave no doubt about cheating.

Some scientists suggest this might not be possible to the point of absolute certainty in the case of very small, muffled explosions. But with a ceiling of three to five kilotons, compared with the present ceiling of 150 kilotons, there would be full assurance that any secret test could be detected.

That would be a major change. At that low level, components of existing weapons might be tested to check that they were still functioning. But new weapons designs could not be proved, thus removing the incentive for endless refurbishing of arsenals.

The real point of a comprehensive test ban is precisely that — to stop infinite new development of weapons that must never be used. That would be progress, affecting the whole spiral of weapons planning, and it would strengthen the restraints on proliferation of nuclear-armed states. There is strong support in Congress for taking up test-ban negotiations again, very little for a moratorium, and rightly so.

If the Administration still won't renew the talks to find out whether the Russians now accept satisfactory controls, Congress should withhold money for further tests until it does. That way lies a chance to stop the nuclear arms race. Talk about ending the nuclear menace only veils its continued momentum. □

Family Values, Without Sugary Pieties

By David Blankenhorn

The family is likely to become one of the central issues of the 1986 and 1988 political campaigns. Family concerns and family values cut across ideological lines and involve millions of Americans in ways that most issues simply do not. But while any public figure with an ounce of sense ought now to be staking a claim to this subject, most will content themselves with the same sugary pieties about the sanctity of family life.

There's an opportunity out there for serious politicians who wish to define family issues in meaningful terms and offer a program for addressing them. And so far neither left nor right has seized the initiative.

Such a program must recognize three fundamental social facts.

The first is that the percentage of women in the labor force will soon roughly equal that of men. Already, nearly 70 percent of mothers with school-age children work outside the home as well as in it — surely the greatest shift in American family life during this century.

The second fact is that real family income, after having doubled from 1947 through 1973, has stagnated for the past 12 years and was lower in 1984 (the last year for which data are available) than in 1973. In particular, the median income of younger families has dropped 8 percent since 1973. Baby-boomers now face acute pressures at key moments in family life, such as buying a first home or having a child.

The third fact is the growing link between family breakdown and poverty. Today, one child in four in America is poor and 40 percent of all poor Americans are children — a tragedy closely bound up with teen pregnancies and single-parent homes.

The New Right began to coalesce under the pro-family banner in the late 1970's, prompted in part by what they perceived as Government interference in family life by the Carter Administration. And since President Reagan uses family imagery to decorate nearly every proposal, most conservatives consider the family their sole political property.

Yet a strand of hypocrisy runs through the conservative position. In last year's House battle over tax reform, for example, New Right "pro-family" forces in and out of Congress fought and nearly killed the very bill that offered the most tax relief for the average family. Why? Because, they said, the bill was "anti-business": It paid for family tax cuts by closing corporate loopholes. While trumpeting family values, these conservatives yearn even more for capital formation.

Or take Mr. Reagan's recent State of the Union pledge to reform the welfare system. No matter how often he invoked family themes in that address, does anyone doubt that the Administration's interest in this crucial family issue pretty much begins and ends with a fervent desire to cut spending?

Of course, there are some conservative activists such as Paul Weyrich and Phyllis Shlafly who really believe what they say about families. The problem is what they believe. For example, they oppose any initiative to help working mothers, such as child-care tax credits or day-care programs, because at bottom they oppose the very idea of women entering the labor force. They seek nothing less than repeal of the last 30 years of new opportunities for women.

As conservatives put their own spe-

An issue that can challenge progressives

cial spin on the family debate, progressives seem ambivalent and defensive. Aside from some rhetoric about family verities — little different from right-wing boiler plate — progressives have hardly begun to offer new initiatives to strengthen the family. Many seem almost resigned to remaining in the "anti-family" box their opponents have put them in.

Yet family issues offer progressives perhaps their best chance to redefine the national debate on social policy. They could start with three ideas.

First, help working parents to be better parents. The workplace has yet to adjust to the changing family. Through public and private initiatives, we should extend flexible work hours and benefits packages, increase maternity and paternity leaves and establish on-site child-care facilities. Such efforts would allow parents more time with their children and offer them greater freedom to balance the demands of family and work.

Second, institute pro-family tax reform. Individual rates should be lowered, and the code should start treating children as investments by significantly increasing the amount allowed for child exemptions. Credits for child care should be raised. The so-called marriage penalty must be eliminated. Poor families should be removed from the tax rolls. Many of these provisions are contained in the recently passed House bill but face stiff Senate opposition. Conservatives must choose: side with pro-family reform or with corporate loopholes.

Third, recognize children in poverty as the nation's greatest moral challenge. We should invest more, not less, in nutrition, health care and education for poor children. Moral leadership and new public-private ventures are necessary to reduce teen-age pregnancies and sexual irresponsibility. Failed welfare programs should be converted as much as possible into education and job-training programs.

The family debate offers a compelling organizing principle for social policy. It is a theme that unites an otherwise disparate array of issues and policy options. It should be perfect for politically beleaguered progressives, who often seem incapable of conveying a moral message that binds policy ideas into a larger vision. □

David Blankenhorn is co-director of the Institute for American Values, a public-policy organization conducting a research project on family issues.

Giulietta Masina Is Film's Eternal Waif

By E. J. DIONNE Jr.

ROME

There are certain roles that mark a performer forever. Sean Connery will inexorably be James Bond, and who can think of Vivien Leigh apart from Scarlett O'Hara? Humphrey Bogart played many roles, but for most of us, he will always be Rick, who came for the waters and ended up with a beautiful friendship.

Some of her subsequent films with her director-husband Federico Fellini won acclaim, notably her portrayal of a prostitute in "Nights of Cabiria." But even as a prostitute, she was an innocent, kindhearted, far more sinned against than sinning, trusting everyone and maintaining hope even when everything seemed lost.

In an odd sort of way, Miss Masina's return for American audiences in Mr. Fellini's "Ginger and Fred," opening in New York on Friday, follows the same scenario.

She is no longer 14, but as the faded dancer Ginger, Miss Masina finds herself making an absurd comeback by way of an appalling television variety show. Co-starring with Marcello Mastroianni for the first time, although each of them has made four films with Mr. Fellini, Miss Masina plays a wistful character who revisits Rome to be reunited for television with her former partner in a dance act once known as Ginger and Fred. Television, as depicted by Mr. Fellini, is at least as corrupting as the circus — or prostitution. Moreover, just as Miss Masina's roles in earlier Fellini films called upon her to be sold into the circus and forced into prostitution, she now finds herself conned into coming back, against her better judgment, by her broken-down former dancing partner.

And the traumas of the circus and the humiliations of prostitution are nothing compared to the grotesqueries of the world of popular television, as conceived by Mr. Fellini. Yet, at the end of "Ginger and Fred," as always, Giulietta Masina is still smiling, jauntily mugging her way through life — just the way she seems to do offscreen.

The torrent of words comes through a persistent cloud of cigarette smoke as she speaks of her past and present in her elegant Via Margutta apartment. But when the words stop and an aperture opens in the smoke, there it is, the justly famous smile.

Now 65 years old, she says she doesn't mind a bit that when people think of of Giulietta Masina, they imagine her still as the waiflike Gelsomina of "La Strada." When she speaks of the film, it is clear that for her, to be remembered for association with one great film is satisfaction enough for a lifetime.

"If an actress has the luck to do an important film with an important director, and in an important role," she says, "it's natural that it remains."

"La Strada" seems to follow her everywhere. "Four years ago I was coming back from San Francisco," she recalls. "On the way back I stopped in New York. That night I stayed at the hotel because I was tired. And when I was in my room, I switched on the TV and started changing channels, and after few channels what do I see: 'La Strada.' " And she adds, with a touch of delight and pride — and a criticism that could come straight out of "Ginger and Fred," — it was "full of advertisements."

Giulietta Masina and Marcello Mastroianni star in Federico Fellini's new film, "Ginger and Fred."

It is no accident that Miss Masina has maintained a certain consistency in the roles she has played. After "La Strada," a 1954 release and an Oscar-winner in 1956 as the best foreign film, it was difficult, even frightening, to contemplate other roles.

"Success also means being careful not to make mistakes because you develop a certain kind of fear," she says. "You are scared to accept roles which are different. You are scared that you will cancel the success you had. You are scared to disappoint the critics and the public.

"And so," she says, "sometimes I refused roles which I am now convinced I could do very well, but they were very different characters.

"The public had seen me like Gelsomina, like a clown, and then in 'Cabiria,' " she says, referring to her role as a prostitute. "To see me in a realistic role, as a wife with her husband and her lover, I don't know how the public would have reacted, accepted that."

She chuckles, as she often does, in explaining why it wasn't that hard to turn down other roles. "They don't pay me like Al Pacino or De Niro," she says.

The result is that she has had major roles in but nine major films during the last three decades, though she is well known in Italy for her career on television. She has chosen to fill the rest of her life with work for Unicef, a decade's worth of work on a "Dear Abby"-like newspaper column, and trying to tend to Mr. Fellini, her husband for 42 years of complex but enduring relationship.

"First of all I run my house," she says. "Federico is not too demanding, but let's say I spoil him a bit like a good Italian woman."

But as she tells it, the whole idea of "Ginger and Fred" came up as part of a broader project designed precisely to change the image of women in Italian film.

Miss Masina was thinking of doing television productions — despite the theme of "Ginger and Fred," she is very fond of television — of six short films on six modern feminine characters, directed by six different directors: "a housewife, a lawyer, a nurse, a crazy one, and so on."

The idea the series was designed to counter, she said, was that Italian women seem to be associated with just one thing.

"The woman in movies was always the girl that falls in love, makes love and so forth," she said. "I think there are different women in society who work, live in their society, who are teachers, lawyers, doctors, nurses, ministers, members of parliament, and who deal with other things and not only with 'that' thing.

"There's nothing wrong with 'that,' " she laughs, "but there are other things in life."

One of the characters for the series was "Ginger," she says, and Alberto Grimaldi, the producer, insisted that Mr. Fellini make a separate film about her. And so he did.

Mr. Fellini, it turns out, has much the same image of his wife as does the rest of the world. In his view, she was an inevitable Ginger.

"The idea, the little script of the film, was born in her," Mr. Fellini says, "on that emotional mixture of stubbornness, optimism, faith, childlike enthusiasm, with good sense and the concreteness of daily life."

Mr. Fellini says that his wife sometime resists his view of her talents, which he summarizes as "a mingling of youngish and clownish." But make no mistake: in suggesting that his wife is a clown, Mr. Fellini means no insult. "The clown is the aristocracy of acting," he says. "To be a clown means to have the possibility of making people cry and laugh."

Yet working for your husband as director — especially, it seems, if it is Mr. Fellini — is clearly not the easiest thing in the world. "It's much easier with another director," Miss Masina says with a chuckle. "I feel freer, as strange as it may seem.

"Federico is a man who talks very little," she says. "When I do well, the way he wants it, he knows immediately and lets me do it. But when he thinks I see things differently from him then it's more difficult. He wants the maximum from me."

Mr. Fellini's description of working with Miss Masina backs up her account. "At a certain point, Giulietta, as usually happens when she makes a film with me, starts resisting," Mr. Fellini says.

The success of Miss Masina's performance in "Ginger and Fred" lies partly in the fact that she seems constantly out of place, a smiling and loving woman in the midst of the zoo of Mr. Fellini's world of television.

Indeed, one aspect of the film is all the absurdities Mr. Fellini stuffs in — the ridiculous advertisements, costumes straight from a bad version of "Star Trek," warped personalities who live only for public display, a troupe of dwarfs who dance the tango and flamenco, an emcee in a glittery sequin-studded, Liberace-style sports jacket who wears a pasted-on smile that vanishes the instant the red light of the television camera is extinguished.

The tragic hero of the television show that draws Ginger and Fred out of retirement may be the woman who is awarded a cash prize for keeping her television dark for a month. She is on the verge of a nervous breakdown. "It was too painful," she declares through tears. "I'll never go through that again."

Add to this Mr. Mastroianni, who wears the mask of a man near death and stumbles through his dance routine with the delicacy of a gorilla.

In the midst of such a world, the most throughly absurd character turns out to be the ever sane, ever optimistic Ginger. "In normality, there is the greatest abnormality," Miss Masina says. "In fact Ginger, among all these crazy people, seems more abnormal than the others — all that curiosity, a character who keeps all her energy, while Marcello's character is tired, older inside."

"Ginger appears as if she's always been the same," Miss Masina goes on, in another of those lines that seems applicable to her own life story, "as if she were 20, with such enthusiasm, innocence. She is nervous, as if it were her debut, always tidy with her little hat."

'La Strada' was as nothing compared to the grotesque world of television conceived by Fellini.

One of the hardest parts of the role, she says, is that Mr. Fellini insisted that she, too, make faux pas in her dancing routine.

"I've loved dancing since I was a child, and that's why I had so much fun," she says. "I wanted to dance better, but Federico did not want me to, because with Marcello he wanted us to breathe heavily. He wanted us to make mistakes."

Given Miss Masina's admiration for television, it is not suprising that she contradicts the European critics who see in "Ginger and Fred" a mordant attack on the medium. "It is not 'hard' on television, she says. "It's ironic. This film is not nasty.

"You have to see the errors of your society, but with a smile, without wickedness," she says.

Such a view of the world is certainly consistent with her role in her most recent film before "Ginger and Fred." In "Frau Holle," a Czechoslovak and West German co-production of a fairy tale by the Brothers Grimm, she plays a white fairy, a kind of good witch who sends snow and rain and sunshine onto the earth.

Great Composers Celebrate The Charms of the Clarinet

By BERNARD HOLLAND

The clarinet has seduced some very creative ears. Mozart, Weber and Brahms reserved some of their finest impulses for the instrument — fascinated by the round, sweet melancholy so finely tempered by underlying traces of acid. It is the clarinet's sweet-sour irony that proves so captivating, I think, the tinge of flatness to the tone which has rescued it from insipidity. The flute, with its indefatigable good nature, is not so lucky, and its literature has not been as satisfying.

These three composers — whose clarinet pieces are represented on a number of new recordings — were each led to the instrument by a personal guide. Vienna's Stadler brothers, Anton in particular, widened the breadth and range of this relatively new instrument late in the 18th century, and Anton's friend Mozart responded with a quintet, a concerto, a trio and several other pieces. They all stand at the center of the repertory today. Mozart was also the first to make the clarinet an important constituent of the symphony orchestra. Haydn took an interest in it only late in his long career and — in the "Chaos" section of "The Creation" — with marvelously mysterious effect.

New recordings feature works by Mozart, Weber, Brahms and Poulenc.

Weber's muse was Heinrich Joseph Bärmann, a clarinetist in the Court Orchestra of Munich in the first years of the 19th century. For him, the composer wrote two concertos, a quintet with strings, the familiar Grand Duo Concertant with Piano and other pieces. The playing of Richard Mühlfeld, principal clarinetist of the Meiningen orchestra and an early Bayreuth participant, virtually brought Brahms out of retirement toward the end of the century, inspiring four mature pieces.

Such devotion to a single instrument is celebrated in some new releases. Michele Zukovsky, principal clarinet with the Los Angeles Philharmonic, joins the Sequoia String Quartet in the Brahms B minor Quintet (Op. 115) and an Allegro in B Flat by Mozart — the latter a tantalizing fragment of Mozart at his most adventurous and original (Nonesuch 79105, offered on both LP and cassette).

The Mozart movement, which probably belongs to his last years, comes down to us missing its final page, and the music on this recording has been completed by Robert D. Levin. What we also hear is Mr. Levin's adaptation for the modern instrument. This Allegro, like the famous Quintet, was actually meant for Stadler's basset horn — a kind of clarinet whose bottom range had been extended by four half steps. The movement is prime Mozart — with one startling modulation near its end which haunts the ears long after the music has stopped.

The playing — here as in the long, darkly Romantic Brahms Quintet — is lean, technically capable, intense and very honest. One misses from both Miss Zukovsky and the Sequoia players the fullness of tone this music can have. One also longs at times for moments of casualness, touches of ease and relaxation which might have mitigated the unrelenting earnestness of these talented players.

More satisfying is the playing of a British clarinetist, Janet Hilton, in a compact disk given over to Weber's Quintet, his Grand Duo Concertant and the "Silvana" Variations (Chandos 8366, only on CD). Weber does not occupy our attention today as he should, but novitiates seeking the road to "Freischütz" and all its beauties might begin with these evocative clarinet pieces.

Britain offers a distinctive school of clarinet playing, one which has been influenced by the darker, slightly gruffer Boosey instrument generally used there. (The brilliant French-style clarinet dominates most of America and Europe.) Playing the Quintet with the Lindsay String Quartet, Miss Hilton evokes a delicious dusky sound and, in all of this wonderful music, the kind of musical power that supersedes mere nervous energy. Keith Swallow is the ardent pianist in the other two works.

Nonesuch Records offers two Brahms trios — one with clarinet, cello and piano, the other for horn, violin and piano — which appear on both LP and cassette (Nonesuch 79076). The players are mostly from the Boston Symphony, including Harold Wright, one of the clarinet's less-sung masters. Mr. Wright's flexible phrasing in the Adagio mesto is very beautiful and is matched by Jules Eskin's cello in the same movement. Charles Kavalovski's horn is also strong and sure in the other work. Indeed all the players — including Joseph Silverstein, violin, and Gilbert Kalish, piano — are admirable — which makes the hollow remoteness of the recorded sound so disappointing. There are many beauties here which reach through this record only with great difficulty.

In a much brighter recording, the Chamber Music Society of Lincoln Center brings together its arsenal of wind virtuosos to play Poulenc's music for wind instruments and piano, complete. The two-record survey is on Musicmasters (LP 20040/1, compact disk 60040/1). The clarinet comes close to dominating these proceedings as well.

We are reminded here that Poulenc was not only French music's saucy boulevardier and sly melodic sentimentalist but a man of darker moods as well. The "Elégie" for horn and piano (with Robert Routch and Charles Wadsworth) and the Oboe Sonata (with Leonard Arner and again Mr. Wadsworth) both have a bleakness bordering depression. The contrast to the Flute Sonata's enchanting melodiousness (played here by Paula Robison) is a startling one.

The playing is vigorous and virtuosic — almost to a fault. There are those who will adore this high-powered approach to Poulenc; others will be troubled by an energy that — in the Trio for Oboe, Bassoon and Piano, for example — often approaches the manic.

There are some wonderful moments here — especially the finale of the Sextet and in the slow movement of the Clarinet and Piano Sonata (so beautifully played by Gervase de Peyer). Everywhere is the evidence of Poulenc's irreplaceable lyric gifts.

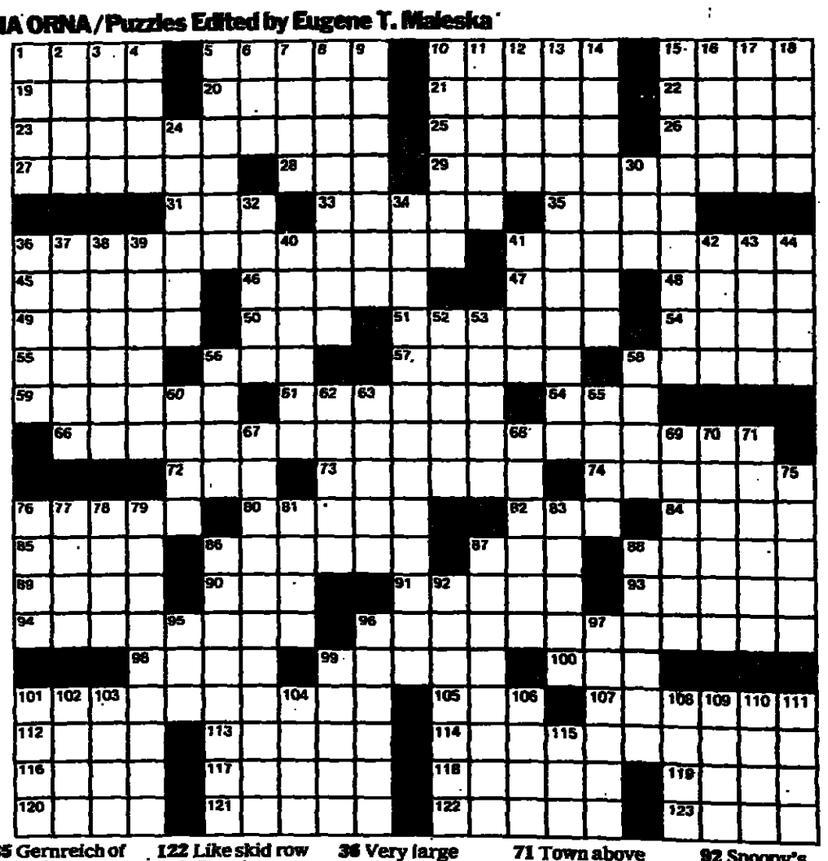
Bach's "Musical Offering" comes from Philips Records in a version for flute, strings and keyboard (CD 412 800-2, LP 9500985, cassette 7300708). The instrumentation is by Neville Marriner, who performs Bach's great piece here with the Academy of St. Martin-in-the-Fields.

We remain at a loss as to how the composer actually meant it to be played — or if indeed he meant it to be played at all. "The Musical Offering," like the "Art of Fugue," is one of Bach's final theoretical summations, containing a series of canons, ricercares and a trio sonata, and known most widely for its giant six-part ricercare, one of the sublime juggling acts in the annals of counterpoint.

Despite its wizardry, Bach's music here has a visceral eloquence — especially in the trio sonata — which almost demands to be sounded by musicians and heard by others rather than just read and studied from the page. Mr. Marriner's arrangement works cleanly with its modern flute and strings, and the clarity of the recorded sound serves Bach's inner textures well.

Designer Collection

BY MARY VIRGINIA ORNA / Puzzles Edited by Eugene T. Maleska



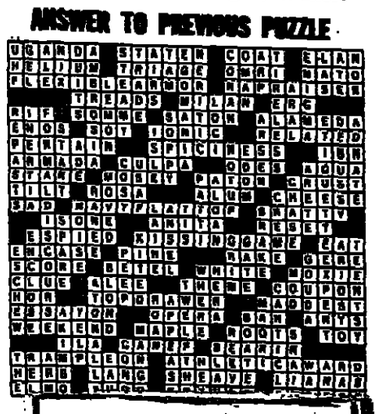
ACROSS

1 Walker relative
5 Communal ideology
10 Star in Virgo
15 "Shocking pink" Schiaparelli
19 —— Saint Laurent, protégé of 22 Across
20 River to the Adriatic
21 Stakelike
22 New Look designer
23 Girl Scouts' uniform designer
25 Kernel coats
26 "Winnie —— Pu," Lenard book
27 Resting
28 Radius's locale
29 Mockeries
31 Composer Josquin —— Prés
33 Figures (out)
35 2.54 centimeters
36 A designer of full-skirted dresses
41 Curse
45 "Time flies," e.g.
46 Degrade
47 Bazaar: Abbr.
48 Part of Q.E.F.
49 "State of Siege" author
50 Dir. from Hartford to New Haven
51 Do the bathroom over
54 Axlike tool
55 Toulouse-Lautrec's birthplace
56 Verb taught by Mr. Chips
57 Noted German mathematician: 1492-1559
58 Music hall
59 "The Fifth Son" author
61 Wards off
64 Ending for Arian or Gnostic
66 Memorable couturier of Spanish descent
72 —— soda (cleansing compound)
73 Ropes for Red Ryder
74 Indolent
76 Venalize
80 —— Bryant Ford
82 Deuteronomy, e.g.
84 Miss Dartle of literature
85 Gernreich of topless fame
86 Conceit
87 —— Beta Kappa
88 Titlark
89 Attic weight
90 Start of the 12th century
91 At right angles to a keel
93 A.F.B. in Tex.
94 Like "Kipps" and "Tono-Bungay"
96 Prêt-à-porter fashion leader
98 Sticktights' seedcases
99 Kaneohe tempests
100 English cathedral city
101 Disagreeable
105 Certain M.D.'s
107 Samos's sea
112 Designer Oscar —— Renta
113 Ringworm
114 Designer noted for hats
116 Jacutinga and galena
117 Tautomers
118 Saw-toothed
119 "Acceptable Losses" author
120 Repairs a green
121 Epiphany date in Jan.
122 Like skid row
123 Fireplace ledges

DOWN

1 Doubly curved molding
2 Hawaiian beverages
3 Diamond or Simon
4 Homager's cousin
5 "The Iliad," e.g.
6 Fixation
7 Sunken fence
8 Misuse one's checking account
9 Peale's appeals
10 Gushes
11 Samlets
12 Pelvic parts
13 Jeans designer
14 Poisonous salt
15 Oscar-winning costume designer
16 Caron hit: 1953
17 Foot part
18 Son of Zeus and Hera
24 Obscures
30 Low follower: Abbr.
32 Paroxysm
34 French couturier: 1914–82
36 Very large parrot
37 Kind of acid used for bleaching
38 Supple
39 "Pious" Holy Roman emperor
40 Engross
41 Novelist Kingsley ——
42 Mahler's "Das Lied von der ——"
43 Author de la Roche
44 Egyptian symbol
52 Port on the Gulf of Aqaba
53 Croatian-born electrical genius
56 Utah ski resort
58 Skip
60 Existence, in philosophy
62 ". . . lend me your —— come to . . .": Shak.
63 Handles
65 Robert Bruce, e.g.
67 American designer of Russian descent
68 Aftermath of a burn
69 More jocund
70 Dropped blobs of ink on paper
71 Town above the Umbrian plain
75 Boccaccio's "The —— Heart"
76 Crest
77 Hick
78 Tiki, e.g.
79 Versatile American designer
81 Ruin
83 —— Semple McPherson
86 Arabian noblemen's states
87 Use a sudatorium
88 Told one's beads
92 Snoopy's relatives
95 Sunbonneted one
96 Common fertilizer
97 Like kaolin
99 Genuflected
101 Sapporo salad herbs
102 Stout's Wolfe
103 Made an entreaty
104 Strong as ——
106 —— gin fizz
108 Cut
109 Imitate
110 Peck in "Moby Dick"
111 Rather report
115 A hallucinogen, for short

ANSWER TO PREVIOUS PUZZLE



Checking for safety's sake

By BARBARA AMOUYAL/Jerusalem Post Reporter

PURIM is a time for merry-making, dressing-up, toys and practical jokes; a holiday of dreams for the child – and the child at heart. In the Purim frenzy, however, many fail to observe safety regulations – an oversight that can sometimes prove fatal.

Whether disregard for safety regulations stems from calculated profit motives on the part of manufacturers and importers or simply consumer naiveté, the market is flooded at this time of year with costumes and accessories that have not passed fire-resistance tests, dangerous toy guns, explosive devices and poisonous magic tricks. Despite regulations forbidding the sale of dangerous toys, shipments of unapproved Purim paraphernalia find their way onto retailers' shelves and into our homes.

The Israeli police, the Ministry of Industry and Trade, the Interior Ministry and the Standards Institute have been working this year to ensure that the Purim celebration does not end in tragedy.

Standards Institute inspectors carefully check imported toys and games to determine if the goods conform to safety regulations determined by the Ministry of Industry and Trade and consumer groups. Interior Ministry and customs officials guard against illegal registration and classification of shipments; while police monitor stores and sidewalk vendors, confiscating illegal firecrackers and cap guns, and fining or arresting those responsible for their sale.

Despite the four-fronted battle waged by different government and quasi-government bodies, an alarming amount of dangerous paraphernalia finds its way to Israeli consumers.

ONE REASON for this slip-up can be attributed to the lack of coordination among the various government bodies. Often, there are discrepancies between the Foreign Ministry and customs registers, and relevant material is not always passed on to authorized Standards Institute inspectors.

Airport and border police do not always have enough manpower to inspect incoming cargo for illegal toys and firearms. Bulk shipments, therefore, pass through the net and are later distributed to retailers throughout the country. Once illegal toys and explosive devices are out of the importers' hands, it becomes extremely hard, if not impossible, to confiscate the goods.

Another reason for the proliferation of dangerous toys is the lack of regulations over and supervision of local manufacturers. Contrary to stiff laws governing imports, Israeli manufacturers on both sides of the Green Line can produce inferior and dangerous goods without any fear of punishment.

Whereas an importer is required to register his order with the Ministry of Industry and Trade and customs authories, pay some NIS 2,000 in collateral and await the Standards Institute's approval for the shipment, the local manufacturer simply produces and distributes his goods on the market without any official intervention.

YOELI ALDEMA, Textile and Light Industries Department manager at the Industry and Trade Ministry, admitted that it is very hard to control standards of local manufacturers. According to Aldema, inspections by the Standards Institute are only carried out if local producers ask for them. He pointed to several reputable toy companies who eagerly seek the Standards Institute's seal of approval to boost credibility in the local market as well as to enhance sales of exported goods.

On the other hand, said Aldema, many "fly-by-night" operations view voluntary safety tests as an unnecessary expense. He insists that few local manufacturers produce low quality toys lacking accepted safety features and that most Israeli firms choose to abide by international safety standards.

Nevertheless, says Aldema, the Industry and Trade Ministry, with a push from Ben Pomerantz, Light Industries manager, intends to prepare legislation for Knesset approval obligating local manufacturers to conform to safety regulations. Pomerantz admits, however, that it will take time before the legislative proposal becomes law.

Standards Institute inspector of imported goods Michael Lazaresco outlined a number of safety features imported toys, games and Purim paraphernalia must pass before being approved for market distribution. Lazaresco emphasized that written safety codes are the minimum requirements an importer must meet, and that technicians and inspectors in the field try to test the toy "over and above the range of reasonable use."

THE FIRST thing Standards Institute inspectors check for is proper labelling of the product. According to regulations, each toy must be labelled with the name of manufacturer and country of origin plus the name and address of the importer ("A post-office box number is not enough," he insisted). Further, all goods must be labelled as to the age for which the toy is intended and special safety warnings and instructions for its use.

In the vast and often ambiguous area of children's toys, said Lazaresco, the product must be specifically classified for babies (up till age 3) or children (3-16). Based on this labelling, special tests are conducted so that toys intended for babies are double-checked for toxicity and durability, on the premise that babies put everything in their mouths and are inclined to throw the toy when their attention is diverted.

Heroes and villains must avoid toys that inflict real injury (Werner Braun)

"Everything must be viewed with an eye towards reason," said Lazarus. "However, we try to anticipate the unexpected."

He cited baby dolls or other toys packaged in plastic bags measuring more than 35 cm. The bag must be perforated at its opening and clearly labelled: "Not for use. Do not put over head." Battery-operated toys are inspected to ensure that the battery compartment is tightly secured so that the child cannot extract the batteries, taste their acidity and/or swallow them.

Painted toys undergo microbiological tests where sweat and saliva are simulated to check for toxicity. Toys containing liquid are chemically tested to prove that the liquid does not contain poisonous materials. One product rejected on the basis of liquid filling was the fashionable fluorescent head band. Inspectors found that, if broken, the material caused burning to the eyes, and insisted that the importer return his shipment for a safer model.

Lazaresco said that the Standards Institute carefully inspects Purim masks, wigs and accessories that contain synthetic hair, as well as Purim costumes, for fire-resistance. Standards Institute inspectors follow, in these cases, a 1970 Canadian law outlining fire resistancy.

PURIM MAKEUP and grease paint, as well as various magic tricks, come under close scrutiny for safety and toxicity. Magic milk bottles, bags of powder that turn to "beer" when added to water, black soap and magic ink are among the products checked this year for safety features. Often the Standards Institute asks the Health Ministry to rule on safety features of a particular product that was originally defined as "a children's toy," said Lazaresco. He mentioned magic ink and hair spray as a few of the products transferred to the Health Ministry for final rulings.

Several products have been rejected on the basis of Standards Institute testing, but Lazaresco insisted that their numbers are few. "Usually the importer gives us a sample of his product before taking the financial risk of bringing it here and having it rejected," he said.

The Israel police aids Standards Institute inspectors in approving toys that look like firearms. According to the regulations, a toy must be made of plastic or other materials not resembling "the real thing." Further, the noise level of the toy firearm must remain within reasonable decibel levels so as not to "incite panic" when fired.

Certain cap guns are permissible for import, said Lazaresco, but firecrackers and other explosive devices are strictly forbidden.

He specifically warned consumers against firecrackers containing white phosphorous, a chemical used frequently in incendiary devices. Lazaresco has spotted several such firecrackers on sale in recent weeks. All were made in China.

"These devices are extremely dangerous because the charge is virtually uncontrollable," he warned. Once it catches fire, it's very hard to extinguish. Also, if kept in a pocket, body heat can serve to detonate the charge."

Off the hippo trail

RANDOMALIA
Miriam Arad

(IPPA)

LET ME begin by announcing boldly that I went to Kenya and did not go on safari.

I confess it wasn't easy, since every tourist to Kenya is supposed to visit at least one game reserve as a matter of course. It is expected of him by his friends and family at home, his hosts in Nairobi, the government of Kenya, D'vora Ben Shaul.

Everyone conspires to get him there, too. The tourist brochures speak of nothing else. The shops in Nairobi are full of safari gear, and it takes some doing to find a T-shirt bare of a cheetah or giraffe up front. Wherever you go you are met by pictures and posters of animals, by animal toys, wood carvings, soapstone figurines. Even the "Do Not Disturb" sign to hang on your doorknob at the hotel comes in the shape of an elephant.

My decision to try and shirk my duty was tentatively formed at home, and took final shape on my first day in Kenya. To be frank, I'm not that keen on animal watching. I'd rather watch people any day. I'm also not madly eager to see a lion devour a gazelle, which is the treat everyone promises will be in store for you if you're lucky. Anyhow, I'm never lucky.

What happened on my first day in Kenya was that my hosts took me to Nairobi National Park, a mini-wildlife reserve meant to whet your appetite. It's not so mini either, being made up of 110 sq. km. of field and wood on the city outskirts.

I did see some animals there, but over a three-hour dusty, bumpy drive through the park I heard many more excuses why I did not see any leopards, zebras, rhinos, lions, unicorns, or whatever other animals the book says are there: We should have come at dawn or dusk – at this time of day all the animals are asleep. Or hiding from the sun. We should have come during the migration season, when all the animals are on the move. We should have come in the rainy season, when all the herbivores are out grazing. No, in the dry season, when they're all out looking for water. Or, as our boatman apologized two weeks later for the absence of crocodiles in a lake: "These animals very shy."

SO WHAT did I see at the Park? Some bedraggled ostriches, a few distant gazelles, a couple of giraffes, and a real live ugly warthog, warts and all. The only animals who actually sat waiting for us to come and look at them were an extended monkey family, which had gathered at a spot marked "Hippo Trail," the only one where you can park your car and get out. (We did. We walked the entire length of the hippo trail and never glimpsed the tip of a hippo's tail. See what I mean?)

The monkeys were waiting for us, clever things, because they had learnt from experience that when people get out of their cars after a long hot drive, the first thing they do is eat and drink. And who can resist a cute little monkey sitting at your feet and watching every mouthful you swallow with wistful eyes? They should rename the place Monkey Snack Bar.

It was there, at all events, that I decided not to spend any more of my precious holiday looking for elusive animals I had no particular desire to see in the first place; and then it turned out I went on safari after all. The first time I returned to Nairobi from a trip, Francis, the family chauffeur, asked me: "Did you have a good safari?" – "safari" meaning simply journey or trip in Swahili. Well, on that kind of safari I did go again and again, and very good they were. Of them, of Nairobi, and of Francis himself, in the coming weeks.

GIFTED STUDENTS

MUSIC

CHAMBER MUSIC CONCERT – Antonio Quartet (Frankfurt); Rubin Academy Piano Quintet (Tel Aviv) (Bar-Shira Auditorium, Tel Aviv University campus, March 17). Haydn: String Quartet in F Minor, No.2, Op.55, Schumann: Piano Quintet in E-flat Major, Op.44; Mendelssohn: Octet for Strings in E-flat Major, Op.20.

THANKS TO an exchange programme between the Frankfurt Academy of Music and the Rubin Academy, we were able to enjoy a joint chamber-music undertaking by the most gifted students of the two institutions.

The first item was a most interesting Haydn quartet presented by the Antonio Quartet of the Frankfurt Academy (Daniel Sepec and Anne Katharina Schreiber, violins; Nora Niggeling, viola, and Axel-Sebastian Dehmelt, cello). The performance revealed the musicians' great understanding of the pieces' style and their advanced technical proficiency.

This particular Haydn quartet poses considerable interpretational problems, but these were tackled in a sophisticated way by the young German musicians. The selection was performed with restraint, clarity, precision and sensitive teamwork.

In contrast to the Haydn, the Rubin Academy Piano Quintet indulged in rich and sonorous sound in its performance of Schumann's romantic score (Gila Goldstein, piano; Shaul Bitran and Jonathan Berik, violins; Ferenz Gabor, viola, and Raz Cohen, cello).

The piano part and the strings were not perfectly balanced but still blended marvellously, providing an exciting experience. There were contrasts in mood and sonority, and tension was maintained through the musicians' interraction with the piece.

Both groups then joined forces in the Octet by Mendelssohn – a fine finale to a most enjoyable evening. While one could clearly discern each voice with its own dynamic line and expressive independence, all eight musicians played with a most satisfying togetherness.

BENJAMIN BAR-AM

THE JERUSALEM SYMPHONY ORCHESTRA – Maxim Shostakovich conducting with Yigal Tuneh, violin (Jerusalem Theatre, March 20). Works by Dimitri Shostakovich: Festive Overture, Op.96, Violin Concerto No. 1, Op.99, Symphony No. 5, Op.47.

WINSTON CHURCHILL'S description of Russia as "a riddle wrapped in a mystery inside an enigma" is equally apt for Dimitri Shostakovich, a composer who alternated masterworks with pieces of abysmal quality. The banal and bombastic opening overture must surely be one of the worst works ever written by a major composer. The performance matched the work.

The concerto that followed is that rarity, a modern masterpiece. Difficult yet accessible, it is deeply moving when performed well. Yigal Tuneh is a fine violinist, but whether hampered by the lethargic accompaniment or his own lack of conviction, he played in a detached manner that was fatal to the piece. Only in the Andante was his playing expressive and involved, making us all the more sorry for what a fine performance this might have been.

The Fifth is Shostakovich's most popular symphony, as sad a commentary on us as it is on the composer. It is poster art, with bold colours and heroic gestures, undeniably exciting. But like even the finest poster art, it is mostly surface and little substance. There is genuine emotion solely in the Largo, but it must be reported that at the close of the bombastic finale, the audience appeared ready to storm any available barricades.

Conductor Maxim Shostakovich is also an enigma, though hardly on the cosmic scale of his father. He emphasized the emptiness of the overture with his break-neck speed and frenetic movements. His accompaniment in the concerto was pedestrian and unsympathetic. And in three of the symphony's four movements he underlined the rhetorical gesturing. Can he then simply be dismissed as a conductor? Hardly. In the third movement Largo, notoriously difficult to bring off, he was superb, as was the orchestra, which was in good form throughout the evening.

The definitive judgment on Shostakovich as a composer must be left to future, and hopefully more objective, generations. Our own attitudes are so coloured by political and emotional factors that even seemingly objective appraisals are suspect. Sadly, this evening did nothing to dispel the confusion.

THE ISRAEL PHILHARMONIC ORCHESTRA – Zubin Mehta conducting with Uri Pianka, violin (Binyenei Ha'uma, Jerusalem March 22). Mozart: Symphony No.36 in C Major, K.425 "Linz." Pierre Boulez: "Rituel." Tchaikovsky: Violin Concerto in D Major, Op.35.

THE PRESENCE of the president, prime minister, mayor and assorted cabinet members lent a sense of occasion to this concert marking both the orchestra's and conductor's 50th birthdays, as well as the 25th anniversary of Mehta's association with the Philharmonic.

The concert opened inauspiciously with a charmless and heavy reading of Mozart's "Linz" symphony. The sole spirited playing was at the start of the finale, only to lapse into routine as the work was dragged to its conclusion.

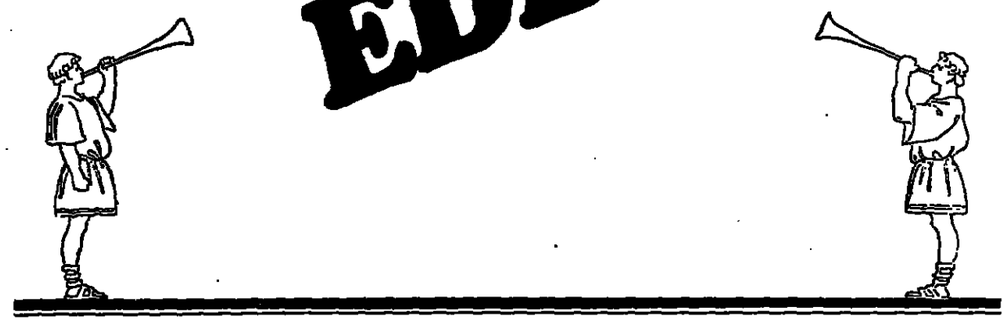
Boulez's "Rituel" was a delight, but for non-musical reasons. One could enjoy the display of frying-pans hung at the back of the orchestra, and the deadly serious faces of the musicians shaking rattles, tom-toms, slapping at woodblocks, etc. If this was the "primitive pagan ritualistic music of remote non-European tribes," promised by the programme, it has certainly been done far better in old Tarzan films, and at 25 minutes was about 23 minutes too long. The total absence of emotional content made this a work only a computer could love, and one could only envy the two gentlemen banging on the frying-pans, for they were wearing ear-plugs. A subversive thought: Perhaps this was a Purim jest, and we simply failed to appreciate it?

Tchaikovsky's Violin Concerto is one of those works whose familiarity has bred contempt, and which should be allowed to rest unplayed for several years. Even Uri Pianka's virtuoso performance could not make the piece sound fresh. Still, his playing was passionate without vulgarity, and with Mehta's alert and sympathetic accompaniment, the evening ended most pleasurably.

NOTE: Would the various orchestra managements take a bit more care in the preparation on the programme booklets? The notes on Boulez were accompanied by a picture of old Anton Bruckner, and it would be difficult to know who would feel more aggrieved. In last week's all-Shostakovich concert with the Jerusalem Symphony, the notes on the Fifth Symphony were reproduced word for word from a recording released 20 years before the composer's death, and were replete with inaccuracies.

MOSHE SAPERSTEIN

LIFE BEGINS AT RAMAT EDDIE



The Danya Company, which built the beautiful, lively Danya neighbourhood, has also built a housing facility facing Danya – Ramat Eddie. Now, Ramat Eddie is coming to life. The luxury apartments are being occupied by families that decided on Ramat Eddie, in order to assure themselves a very special standard of housing.
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The promise of Xiamen

By CHARIS DUNN

The Xiamen OVerseas Chinese Electronic Company – XOCECO – in China's Fujian province is something of a model joint venture. It has an impressively well-managed labour force and a Hongkong management team that is realistic in its dealings with local authorities.

Yet XOCECO is suffering from problems of quality control and chronic shortage of components in this would-be showpiece of China's Special Economic Zones (SEZ). All because, last year, the Chinese decided to impose import restrictions.

Had XOCECO's backers, Conic of Hongkong, known that such restrictions would be introduced, it is unlikely they would have entered into this joint venture. For Conic, the Xiamen project promised a way of keeping its Hongkong assembly lines busy and its product prices low. Now there is a blanket ban on imported assembly kits and components.

As the Chinese government sees it, the restrictions are necessary to prevent SEZs becoming mere assembly lines for overseas corporations seeking cheap labour. Yet this is the same government which continues to lure foreign investors with the promise of cheap labour.

Faced with the consequences of their own sales pitch, the Chinese have reacted by imposing conditions which investors would never have accepted. In the case of XOCECO, it has meant total reliance on local suppliers – and a multitude of problems.

What the Chinese government hopes to attract to its SEZ "windows on the world," are technology transfer projects, which will directly aid the development of the local economy.

To wish for this in areas where the industrial infrastructure is hardly developed is perhaps being more than a trifle optimistic. And in Xiamen, there have been problems with both the electricity and water supllies.

Yet, compared with the Shantou SEZ in neighbouring Guangdong province, Xiamen is positively well endowed. From its recently modernized airport there are flights six days a week to Hongkong. The port also boasts container facilities and railway links to the industrial centres around Shanghai.

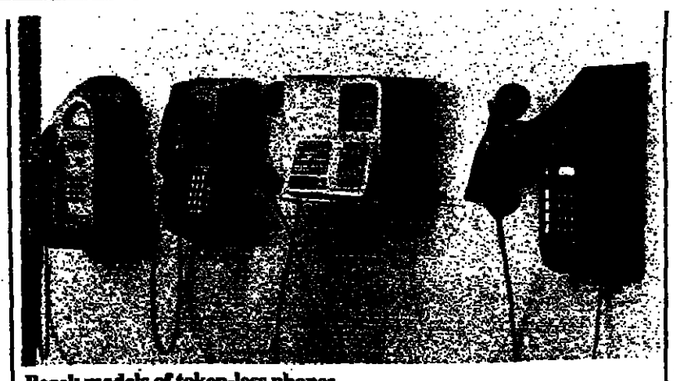
Yet there are a number of thriving agricultural projects in Shantou and a handful of wholly-owned foreign factories which are doing well – on the basis of cheap labour costs.

However, it is Xiamen which is the current up-market centre of SEZ development. Discussions are now underway to develop the zone as a free port. Local authorities are defensive about this idea of an "experiment within an experiment." They stress that Xiamen will be a "free port with Chinese characteristics." That could mean anything – now or in future.

But of prime importance for those turning an investment eye on China is the fact that, in Peking, the SEZs are already being viewed as an experiment in market force economics, albeit with a planned centre. That outlook must, in the long-term, mean good business.

In negotiations with China, patience has not only been a virtue, but a prerequisite for success.

(London Observer Service – Second in a series.)



Bezek models of token-less phones

Choice of magnetic card pay-phones

By JUDY SIEGEL
Jerusalem Post Reporter

The public is invited to voice its opinion on four models of public telephones that operate with a magnetic card rather than with metal tokens. The models are on display from today till Thursday at the Elcom exhibition of communications at the Tel Aviv Exhibition Grounds.

Bezek, the public telecommunications company, wants the public to try out the new models and help choose one.

The magnetic card, which will be sold at kiosks and post offices, contain various amounts of credits for phone units. The user will insert the card into the phone and when his conversation ends, the number of phone units he has used will be magnetically erased from the card.

The new device will even allow the user to call directly overseas – something that is not possible from a public phone today, because of the large number of tokens this would entail.

The token-less phone will reduce breakdowns because there is no bagel-shaped metal to get stuck in the collection box.

THE SYSTEM may also reduce vandalism as there will be no cashbox to break into.

The four models were created by students of design at the Centre for Technological Education in Holon. The public will be asked to fill out a postcard giving their preference. Bezek has not stated when the new-model public phone will be on the streets.

LABOUR BRIEFS

By TSIPI KUPER
Jerusalem Post Reporter

UNEMPLOYMENT is expected to grow this year and may pass the 8 per cent mark, according to a recent report by Labour Ministry Director-General Zvi Zilker. During the last quarter of 1985 the rate was 6.7 per cent.

The number of jobs in the public sector will drop by some 7,000, according to the report, which was based on the findings of the committee investigating areas of severe unemployment.

This includes some 4,000 jobs which still have to be cut in accordance with last year's budget, and an additional cutback of 3,000 prescribed in the 1986-87 budget proposal. There will only be a slight rise in the number of jobs in the business sector, the report predicted.

Meanwhile, some 35,000 people are expected to join the work force during the coming year. This brings the estimated number of unemployed to between 125,000 and 135.00.

An increase of 5,000-10,000 who receive unemployment benefits is expected, bringing the number to 30,000-35,000.

Unemployment in development towns continues to be much higher than the national average, the committee found. During the last quarter of 1985 it reached 9.5-10 per cent, while in Sderot, Yeroham and Beit Shean one out of every five was unemployed.

JOBS for some 120 of Upper Nazareth's unemployed are to open up shortly in the town's industrial plants, according to a team of government representatives studying the employment situation in development towns.

The team, headed by Industry and Trade Ministry Director-General Yehoshua Forer, promised last week to absorb these jobless in plants which would train them for suitable vocations. During its trip, the team met with the mayor of Nazareth, factory managers and local entrepreneurs.

A CAMPAIGN providing free vocational counselling opened in Sderot this month. Hadassah Council is providing psychological counselling for released soldiers in the southern development town for one year.

It plans to hold workshops with vocational psychologists for 11th and 12th graders and counselling for junior high school pupils to open up new horizons about job potentials. A Hadassah Council spokesman estimated that some 1,000 persons will benefit from the campaign.

A library with information on 400 vocations and on job options in Sderot and its environs recently opened in the framework of the campaign. Hadassah Council held a similar campaign last year in Yeroham, and plans to take on a similar project in different development towns each year.

THE WORKERS at the Oron Negev Phosphates plant in Dimona returned to work on Thursday, ending a week-long strike. They are now negotiating with management for a cash bonus. The plant's 1,400 workers demand a percentage of the plant's profits as a bonus which was promised to them several months ago. Other subsidiaries of Israel Chemicals received this bonus, the men claim. Management says the matter requires the approval of Finance Minister Yitzhak Moda'i and is out of its hands.

The strike is estimated to have cost the plant some $3 million.

EEC offers $222m. help to Ethiopia

ADDIS ABABA (Reuter). – The European Community has offered $222.2 million to Ethiopia for food and cash crop development as well as livestock, soil conservation and irrigation projects, a Community official said yesterday. A full $175.8m. of the aid are to be a grant and the remainder a loan repayable

THE FINANCE MINISTRY has announced it will adjust tax brackets by 2.5 per cent in April. It added that in the April 1985 January 1986 period there was a 45.5 per cent increase in revenue collected from firms and the self-employed, compared to the same period a year earlier. Revenue from wage-earners was 16.6 per cent lower

DID YOU KNOW THAT...

the share of married women in the civilian labour force doubled over the last 30 years. In 1955 it was 21.7 per cent, while in 1984 it had increased to 42.6 per cent. (CBS)

WHAT'S ON

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JERUSALEM

Museums

ISRAEL MUSEUM. Exhibitions: Art in Context, audio-visual programme showing development of Israel Art ◊ Early 20th Century Posters, avant-garde posters ◊ Two Artists, Two Landscapes, works by Shalvah Segal and Eli Shvadron (until 24.3). ◊ Traditional Jewelry, Permanent Display, Jewish Ethnographic Jewelry. ◊ "Friendly Butterfly", illustrations by Orah Eyal ◊ From the Depths of the Sea (Rockefeller Museum) ◊ Building in Jerusalem, computer games to building with stone ◊ The Cosmic and the Divine, Andean textiles. ◊ Ancient Mirrors, display of Mirrors from Different Cultures ◊ "Nerot Mitzvah", Ideas for Light in Jewish Ritual. ◊ Placescape: 14 artists present versions of surrounding landscapes (Paley Centre, near Rockefeller Museum). ◊ Permanent collection of archeology, Judaica and ethnic art. ◊ **Visiting Hours: Main Museum** 10-5. At 11: Guided tour of Museum in English. 3: Guided tour of Archaeology Galleries in English

EXHIBITIONS
JERUSALEM MAP HOUSE, Old City, 7 Beit El St., 288338, 423547. Roberts, Turner, etc.

Conducted tours

HADASSAH – Guided tour of all installations ★ Hourly tours at Kiryat Hadassah and Hadassah Mt. Scopus. ★ Information, reservations: 02-416333, 02-446271. No tours on Shushan Purim, March 26.

HEBREW UNIVERSITY
1. Tours in English at 9 and 11 a.m. from Administration Building. Givat Ram Campus. Buses 9, 28, 24 and 16.
2. Mount Scopus tours 11 a.m. from the Bronfman Reception Centre, Sherman Building. Buses 9, 28, 4a, 26 and 23 to the first underground stop. Further details: Tel. 02-882819.

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TEL AVIV

Museums

TEL AVIV MUSEUM. Exhibitions: Dan Kulka (1938-1979). Sculptures, drawings, paintings, photographs. The Want of Matter, a Quality in Israeli Art; 21 elite Israeli artists show work of last 25 years. The Museum's collection of classical, impressionist, post-impressionist and contemporary art. Museum Visiting Hours: Sun.-Thur. 10-2; 5-9. Sat. 11-2; 7-10. Fri. closed. **Helena Rubinstein Pavilion:** Closed for installation of new exhibition.

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HAIFA

Museums

HAIFA MUSEUM, 26 Shabtai Levy St. Tel. 04-523255. Exhibitions: **Modern Art** – Reuven Rubin, the portrait in his work in retrospective; Ya'acov Hefetz, Sculptor; 17 Naive Artists. **Ancient Art** – Jewish coins of the Second Temple Period, Egyptian textiles, terracotta figurines, Shikmona finds. **Music and Ethnology** – Jewish costumes. 20 porcelain pieces from the Fela and Natan Celnik collection, U.S.A. Open: Sun.-Thur. and Sat. 10-1; Tue. and Sat. also 6-9. **Ticket includes admission to National Maritime, Prehistory and Japanese Art Museums.**

Miscellaneous

WHAT'S ON IN HAIFA, dial 04-840840.

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Tel Aviv: Ariosoroff, 76 Ariosoroff, 230746; Kupat Holim Leumit, 4 Heftman, 257221.
Netanya: Hadassah, 24 Herzl, 22243.
Haifa: Yavne, 7 Ibn Sina, 672288.

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Tel Aviv: Dental Association clinic 49 Rehov Bar-Kochba, Friday: 6 p.m. to midnight; Saturday: 10 a.m. to 2 p.m.; 8 p.m. to 10 p.m. Tel. 03-284849.

Dental Clinic, 25 Rehov Ahlmeir, Ramat Aviv Gimmel, Shabbat and holidays: 6 p.m. – 10 p.m. Weekday evenings: 4.30 – 10, Tel. 03-425832.

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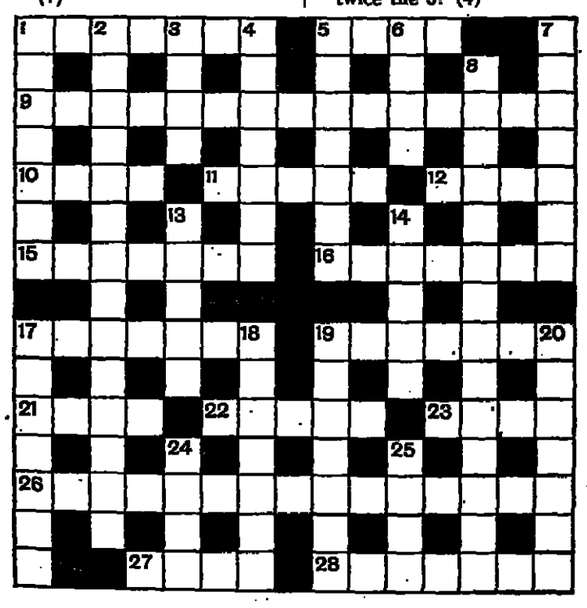
ONE-ON-ONE CROSSWORD

ACROSS
1 No solo flier! (2-5)
5 Go in first at Headingley—it is a home fixture (4)
9 Take leading part on platform? (4, 5, 6)
10 High water for Jack Point? (4)
11 Blurs pictures (5)
12 This brandy is excellent! (4)
15 A welder moving in direction of shelter (7)
16 Making a profit, finally, from mesh product (7)
17 His mate is soon successful on board (7)
19 It takes up most of writer's output (7)
21 A French firm is unusual in Scotland (4)
22 Custom to take top pieces off banger (5)
23 Part of leg a little lower (4)
26 Not easily ruffled, putting up a fight at wicket? (6-9)
27 Instrument providing some early recreation (4)
28 Spirit of drivers in France (7)

DOWN
1 Optical defect in U S house (7)
2 Plain cowardly sort of grouse? (7-7)
3 Being loud when in the wrong! (4)
4 Delayed, having attempted to take in a little Arabic (7)
5 Tarry another minute under Beachy Head! (7)
6 Spruce to prune (4)
7 Hull in peril from this frigid type (7)
8 Unruly St Trinian maid admits nothing — control needed here! (14)
13 Char paper (5)
14 Musketeer of strange oaths (5)
17 Hardly perceptible quantity of liquid food to study (7)
18 Book stock? (7)
19 Sugar-makers' refuse to put case on rough seas (7)
20 Cross-country runner? (7)
24 Observe English agent (4)
25 Dark blue flower having twice the 3? (4)



TODAY'S ENTERTAINMENT

ON THE AIR

Voice of Music

6.02 Morning Melodies
7.07 Purcell: Gavotte; Handel: Suite
7.30 Haydn: Symphony No.22; Weber: Trio (Nash); Wieniawski: Violin Concerto No.2 (Perlman, Barenboim); Chopin: Ballade No.2 (Ashkenazy); Mendelssohn: Symphony No.3 (New Philharmonia/Muti)
9.30 Quincey Porter: Ukrainian Suite; Khachaturian: Violin Concerto (Fodor); Ibert: Divertissement; Milhaud: Suite for Mouth Organ (Larry Adler); Klughardt: Quintet; Rachmaninov: Symphony No.1 (Berlin/Maazel)
12.05 Boys Choir from Kiel, Germany – works by Homilius, Schuetz, Mozart, Sweelinck, Bach, Mendelssohn, Alain and Brahms
13.00 Haydn: Guitar Concerto; Bach: Magnificat; Debussy: Preludes; Mozart: Symphony No.36 (Barenboim)
16.05 Musica Viva – Petrassi: Songs for Trumpets and Strings; Maderna: Hyperion
16.00 Mozart: "Dissonances" Quartet, K.465 (Melos, Stuttgart); Mendelssohn: Symphony No.2; Stravinsky: Ebony Concerto; Bach: Violin Concerto in E major (Grumiaux); Vivaldi: Concerto for Viola d'Amore; Beethoven: "Leonore" No.3, Overture
18.30 Jerusalem Symphony Orchestra – "Hoffnung Festival" – Sergiu Comissiona – Works by Haydn, Mozart, Arnold, Anderson and Reitzenstein; Johann Strauss: 4 Dances (Sidney Harth); Johann Strauss: Arias from Die Fledermaus and others
20.05 Prokofiev: Symphonic Suite from "Love for Three Oranges"
20.30 Israel Philharmonic Orchestra, Zubin Mehta conducting Light Classical Music
22.30 Purim Songs in Sephardi Communities
23.00 Schubert: Divertissement Hongroise (Arthur and Karl-Ulrich Schnabel); "Rag" Music, music by Percy Grainger

First Programme

6.03 Programmes for Olim
7.30 Favourite Old Songs
8.05 Compass – with Benny Hendel
9.05 Hebrew songs
9.30 Encounter – live family magazine
10.30 Programme in Easy Hebrew
11.10 Hebrew songs
11.30 Education for all
12.05 Story and song
13.00 News in English
13.30 News in French
14.06 Children's programmes
15.55 Notes on a New Book
16.05 Radio Drama
17.20 Everyman's University
18.06 Bible Reading
18.30 Reading of Megillat Esther
19.30 Programmes for Olim
22.05 Ephraim Kishon's 60th Birthday Party (part 1, repeat)

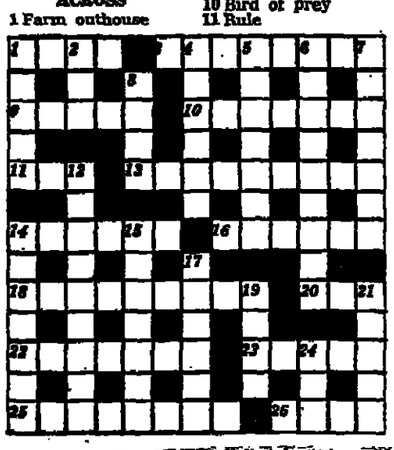
Second Programme

6.12 Gymnastics
6.30 Editorial Review
6.53 Green Light – drivers' corner
7.00 This Morning – news magazine
8.05 Safe Journey
9.05 House Call – with Rivka Michaeli
10.10 All Shades of the Network
12.10 Open Line – news and music
13.00 Midday – news commentary, music
14.06 Hebrew songs
15.10 Magic Moments
16.05 Hebrew songs
17.10 Economics Magazine
18.06 Free Period – education magazine
18.45 Today in Sport
19.06 Today – radio newsreel
19.35 Law and Justice Magazine
20.05 Cantorial Hit Parade
22.05 Jokes of different Jewish Communities
23.05 Treasure Hunt

Army

6.10 Morning Sounds
6.30 University on the Air
7.07 "707" – with Adi Talmor
8.05 Good Morning Israel
9.05 Right Now – with Rafi Reshef
11.05 The Old Days – with Orly Yaniv
15.05 What's Doing – with Erez Tal
16.05 Four in the Afternoon
17.00 Evening Newsreel
18.05 Economics Magazine
19.05 What's Doing – special programme
21.00 Mabat – TV Newsreel
21.30 Foreign Language Hit Parade 1985 (repeat)
00.05 Purim Party

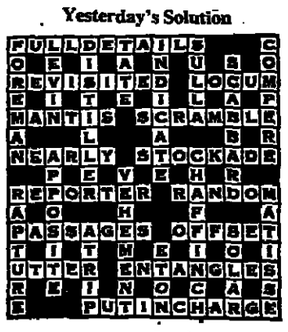
QUICK CROSSWORD



ACROSS
1 Farm outhouse
3 Finger joints
9 Ancient prophetess
10 Bird of prey
11 Rule
13 Prospered
14 Demure
16 Shooting-star
18 Effect a downfall
20 Total
22 Slow tempo
23 Brief
25 Farm worker
26 Colour

DOWN
1 Herb
2 Thieve
4 Beginner
5 Place of learning
6 Washerwoman
7 Slim
8 Expression of grief
12 Midweek
14 Abdomen
15 Oberon's wife
17 Zephyr
19 Stinger
21 Bishop's head-dress
24 Nocturnal bird

Yesterday's Solution



Quick Solution

ACROSS: 1 Grats, 4 Snakes, 9 Pleased, 10 Brood, 11 Eddy, 12 Crevice, 13 Pot, 14 Wide, 16 Alga 18 Ban, 20 Capital, 21 Spur, 24 Aping, 25 Nosegay, 26 Latent, 27 Dense. DOWN: 1 Gopher, 2 Amend, 3 Easy, 4 Nobleman, 6 Knowing, 7 Sudden, 8 Edict, 13 Pentagon, 15 Imprint, 17 Scrawl, 18 Blunt 19 Groyne, 22 Pagan, 23 Used.

TELEVISION

EDUCATIONAL:
9.00 Rainbow **9.25** Cinderella **10.05** The Sublime Horse **10.40** International Circus **14.00** Making Magic **14.25** No Secrets **14.45** Shirley Temple film **16.00** Panto – with Hanoch Rosenne **17.00** A New Evening – live magazine
CHILDREN'S PROGRAMMES:
17.30 Alice in Wonderland. Part 6 of a 26-part animated serial based on the book by Lewis Carroll
18.00 Magic Circus
ARABIC-LANGUAGE programmes:
18.30 News roundup
18.32 Programme Trailer
18.35 Sports
19.30 News
HEBREW PROGRAMMES resume at **20.00** with a news roundup
20.02 Reading of Megillat Esther
20.30 Primadonna – musical mime comedy with Julien Chagrin
21.00 Mabat Newsreel
21.30 Slip of the Tongue – one-man show with Dudu Topaz
22.20 Purim Shpiel
23.05 Diplomatix – Norwegian entertainment programme
23.40 News
JORDAN TV (unofficial)
17.30 Cartoons **18.00** French Hour **19.30** News in Hebrew **20.00** News in Arabic **20.30** Carol Burnett and friends **21.10** Sense and Sensibility **22.00** News in English **22.20** Dallas
MIDDLE EAST TV (from T.A north):
13.00 Woody Woodpecker **13.30** Another Life **14.00** 700 Club **14.30** Shape-Up **15.00** Afternoon Movie **16.30** Spiderman **17.00** Super Book **17.30** Muppets **18.00** Happy Days **18.30** Laverne & Shirley **19.00** News **20.00** Magnum P.I. **21.00** Another Life **21.30** NBA **22.30** 700 Club

CINEMAS

JERUSALEM 4:30, 7, 9
Eden: Rocky IV; **Edison:** To Live and Die in L.A.; **Habira:** No Milk Today; **Kfir:** Out of Africa; 5.45, 9; **Mitchell:** Ran 6, 9; **Orgil:** Twice in a Lifetime; 5.45, 9; **Orna:** Red Sonia; **Ron:** Swan Lake 4:30, 7, 9:15; **Semadar:** Choose Me 7, 9:15; **Binyenei Ha'uma:** Witness 7, 9; **Beit Agron:** Snow White (Walt Disney) 10; Bilby 11.45; Raiders of the Lost Ark 1.30; The Little Prince 3.30; Close Encounters of the Third Kind 5.30; Stripes 8; Reuben, Reuben 9.45; Raiders of the Lost Ark, midnight; **Cinematheque:** Some Like It Hot 7; His Girl Friday 7; The Blacksmith and the Navigator 9; And now for something completely different 9.30; Liquid Sky, midnight.

TEL AVIV 4:30, 7:15, 9:30
Allenby: Class Reunion 5, 7:30, 9:30; **Beit Leisin:** Diva 11:15 p.m.; **Ben-Yehuda:** No Milk Today; **Chen 1:** A Chorus Line 5, 7:25, 9:45; **Chen 2:** Journey of Natty Gann 5, 7:25, 9:40; **Chen 3:** Year of the Dragon 7, 9:40; **Chen 4:** The Sure Thing 10:30, 1:30, 4:45, 7:20, 9:40; **Chen 5:** Marie 10:30, 1:30, 4:45, 7, 9:40; **Cinema One:** Back to the Future; **Cinema Two:** The Lover; **Dekel:** White Nights 7, 9:30; **Drive-In:** Death Wish III, 7:15, 9:30; sex film, 12 midnight; **Esther:** Stitches; **Gat:** Twice in a Lifetime; **Gordon:** The Official Story; **Hod:** The Coolangatta Gold; **Lev I:** Target 1:30, 4:50, 7:15, 9:30; **Lev II:** Bonnie and Clyde 1:45, 5, 7:30, 9:45; **Limor Hamehudash:** Prizzi's Honor 4:30, 7, 9:30; **Maxim:** Witness 4:30, 7, 9:30; **Mograbi:** Silverado 4:30, 7, 9:30; **Orly:** And the Ship Sails On 4:30, 7, 9; **Paris:** Company of Wolves 12, 2, 4, 7:30, 9:30; **Peer:** When Father Was Away on Business 4:15, 7, 9:30; **Shahaf:** Out of Africa 5:45, 9; **Studio:** Jagged Edge; **Tchelet:** Doin' Time 4:30, 7, 9:30; **Tel Aviv:** To Live and Die in L.A. 4:30, 7:50, 9:30; **Tel Aviv Museum:** Favorites of the Moon; **Zafon:** Ran 6:15, 9:30; **Israel Cinematheque:** 1941, 7; What's Up, Tiger Lily? 9:30; **Tamuz Hamehudash:** Purple Rose of Cairo 7:30, 9:30 p.m.; **Beth Hatefutsoth:** Flames in the Ashes 8:30

HAIFA
Amphitheatre: oy 4:30, 7, 9:15; **Armon:** Silverado 4:15, 6:45, 9:15; **Atzmon:** No Milk Today 4:30, 7, 9:15; **Chen:** American Flyer 4:50, 6:45, 9; **Orah:** Out of Africa 6, 9; **Orly:** Plenty, Mon., Tue., Wed. 11 a.m., 4:30; **Peer:** Clockwork Orange 6:30, 9:15; **Ron:** To Live and Die in L.A. 4:30, 6:45, 9; **Shavit:** Ran 6, 9; **Rav-Gat 1:** The Journey of Natty Gann 11, 4:30; Twice in a Lifetime 7, 9:15; The Journey of Natty Gann 4:30; **Rav-Gat 2:** White Nights 6:30, 9:15; The Goonies 11, 4:30; **Keren Or Hamehudash:** When Father Was Away on Business 4, 6:30, 9; **Centre Culturel Francais:** Le Chevre 9.30.

RAMAT GAN
Armon: White Nights 7, 9:30; **Lily:** Purple Rose of Cairo 7:15, 9:30; Romancing the Stone 4.30; **Oasis:** A Chorus Line 5, 7:15, 9:30; **Ordea:** Death Wish III, 7:15, 9:30; **Ramat Gan:** The Falcon and the Snowman 7, 9:30; **Rav-Gan 1:** Twice in a Lifetime 5, 7:30, 9:45; **Rav-Gan 2:** Marie 5, 7:30, 9:45; **Rav-Gan 3:** Year of the Dragon 4:15, 6:50, 9:30; **Rav-Gan 4:** Jagged Edge 5, 7:20, 9:45

HERZLIYA
David: No Milk Today 4:30, 7:30, 9:20; **Hechal:** Out of Africa 6, 9; **Tiferet:** White Nights 7, 9:30; **Daniel Hotel:** Tchao Pantin 7.15, 9.30;

HOLON
Migdal: Doin' Time 4:30, 7:15, 9:30; **Savoy:** Witness 4:30, 7:15, 9:30; **Armon Hamehudash:** American Flyer 11, 5; WhenFather Was Away on Business 7, 9:30

BAT YAM
Atzmaut: Death Wish III, 4:30, 7:15, 9:30

GIVATAYIM
Hadar: Out of Africa 6, 9

RAMAT HASHARON
Kochav: Cinderella 11 a.m., 4; Dance With a Stranger 9:30 p.m.; King Solomon's Mines 7.

هكذا من الاصل

هكذا من الاصل

MARKET PLACE

PINHAS LANDAU

End of the saga

If Jack Nasser wraps up his deal and takes control of the First International Bank – and there are still some problems in his way (see page 1) – he will have done a great service to a great number of people.

His primary achievement will have been to put an end to the unseemly sight of a large bank, Israel's most profitable, dragging around like an orphan. But there are other aspects.

At the risk of being premature, here is a view of the winners and losers from the dramatic development last Thursday night – and dramatic it was, because Nasser's own candidacy came as a complete surprise even to those who had closely followed the sometimes painful saga of the Danot/First International imbroglio.

WINNERS:

Apart from Nasser himself, who must be considered a major winner in that he snatched First International from under the noses of several other serious bidders, the biggest winner is the Bank of Israel.

In particular, Examiner of Banks Galia Maor may be said to have notched up a notable success in having prevented control of the bank passing into the hands of any of the Big Three Israeli banks, Leumi, Hapoalim and Discount. This had been the aim of the Bank of Israel throughout the long months of the decline of Danot and the haggling over terms with buyers.

Furthermore, the central bank seems to have succeeded in imposing its conditions on the buyer, namely that he refrain from treating First International as a quick in-and-out profit situation – as had happened in the past. In fact, the removal of the Eisenberg candidacy last week was a sign of determination of the Bank of Israel not to be taken for a ride by Eisenberg – or anyone else – again, as had happened in 1980 with the famous straw man, John Marsh of Virginia.

The Bank of Israel also claims that Nasser will have to abide by the rules that were established when Danot was in control, to whit, that owners cannot receive loans from the bank. This provision removes the major source of concern regarding the temptation of private owners to misuse their power within a commercial bank for their own benefit.

Thus First International should emerge a winner as well, because it can now look forward to a period of stable ownership and, if Nasser's post-victory statement is to be given credence, to a continuation of its highly successful management team.

This point is of overwhelming importance, for there can be little doubt that if the new owners replaced managing director Zadik Bino, the bank would be quite a different proposition. People don't appear on the balance-sheet, but their impact is enormous nonetheless, particularly that of someone as talented as Bino.

In a wider sense, the banking system has won at least a moral or psychological victory. After a long period when banking received nothing but criticism, and on the eve of the publication of the Bejski report, the fact that serious foreign investors such as Nasser, Bronfman and others have vied for control of an Israeli bank, comes as a pleasant change.

The transfer of ownership to foreign interests may even serve as a precedent regarding other banks, whose ownership and control problems lie at the core of the bank-share "arrangement" and its resolution in 1988 or beyond.

By the same token, the economy itself benefits from this kind of foreign interest, as well as receiving a direct shot in the arm in the form of $21 million in cash, the amount Nasser agreed to pay.

LOSERS:

There were some of these also. Benno Lebel, the ex-Israeli who lives in Zurich and had bought $1m.-worth of Danot stock in the hope that the company would be rescued, looks to have gambled and lost.

Edgar Bronfman, who already has a chunk of Fibi stock, has been thwarted in his attempt to achieve a majority stake. Bank Discount, who holds 28 per cent of the bank, and which is a long-time business ally of Bronfman, would doubtless have preferred to see control pass to him, given that Discount itself was prevented from buying control itself.

Bank Leumi, on the other hand, although it sought at one time to put paid to its tiresome little rival, the First International Bank, by buying it, at least has the consolation that most of Nasser's money will eventually be paid over to it: Leumi is the major creditor of Danot, and the liquidators will use most of the sale money to pay off Danot's debts.

Tadiran may end plant lock-out

By LEA LEVAVI

Tadiran will reopen its locked-out electronics plant here only after receiving a written undertaking from the Holon Labour Council that there will be no further work disturbances, Tadiran executives said yesterday.

The lock-out came after the staff committee called a two-day "organized vacation" last week – in which less than half of the more than 2,000 workers participated. The argument is over management's refusal to grant pay increases promised in past agreements.

Tadiran human resource manager Yoel Mattot explained that the worldwide crisis in electronics has forced Tadiran to retrench. Management jobs were decreased by 15 per cent and senior staff salaries cut 10-15 per cent. Construction and R&D have also been cut, he said.

Union Bank had good profits

By PINHAS LANDAU
Post Finance Reporter

TEL AVIV. – Union Bank of Israel, a subsidary of Bank Leumi, yesterday reported a 77 per cent rise in net profits for 1985, from NIS 5.2 million ($3.5m.) to NIS 9.2m. ($6.1m.). As with other banks, Union's balance sheet fell sharply – by 22.4 per cent compared to the end of 1984 – as a result of the fall in the value of the dollar and dollar-linked deposits when measured in inflation-adjusted shekels. In 1985 the shekel was devalued against the dollar by 135 per cent, while the rate of inflation was 185 per cent.

Union, again following what seems to be the accepted pattern in this year's bank reports, made large provisions for bad debts. The bank's full report is not available yet, but yesterday's announcement stated that NIS 13.8m. ($9m.) of loan capital has been written off.

These write-offs reflect the difficult economic conditions and, according to bank management, represent the full amount of bad and doubtful debts on the bank's books.

Union's net profit was boosted by a lower tax bite than the bank suffered in 1984. Gross profits totalled NIS 19.2m. ($12.8m.) last year, over 50 per cent more than 1984's NIS 12.7m. ($8.5m.). Of this amount, just over NIS 10m. went in taxes.

The net profit represents a net return on equity of 19.4 per cent, considered a very satisfactory rate by international standards.

The balance declined to NIS 1,854m. ($1,236m.) and deposits fell as well, by 17.4 per cent, to NIS 1,053m. ($702m.).

Union Bank continues to specialize in financing the diamond trade.

Tel Aviv Stock Exchange

MARKET STATISTICS

Indices:

General Share Index	110.61	+0.45%
Non-Bank Index	122.61	+1.68%
Arrangement	105.11	–0.20%
Insurance	137.18	+5.32%
Commerce, Services	125.78	+1.39%
Real Estate	147.44	+1.56%
Industrials	115.18	+1.32%
Textiles	136.57	+2.25%
Metals	106.48	+0.15%
Electronics	100.40	+1.60%
Chemicals	112.37	+1.80%
Industrial Invst.	120.02	+0.18%
Investment Cos.	129.24	+2.14%
General Bond Index	101.03	+0.29%
Index-linked Bonds	101.10	+0.27%
Fully-linked	102.73	+0.41%
Partially-linked	100.08	+0.19%
Dollar-linked Bonds	99.14	+0.27%
Short-term 0-2 yrs	100.60	+0.28%
Medium-term 2-5 yrs	100.80	+0.19%
Long-term 5+ yrs	100.35	+0.50%

Turnovers:

Shares – total	NIS	8,792,200
Arrangement	NIS	2,215,300
Non-bank	NIS	7,576,900
Bonds – total	NIS	5,148,000
Index-linked	NIS	2,753,100
Dollar-linked	NIS	2,394,900
Treasury Bills	NIS	4,395,000

Share Movements:

Advances	237	(242)
of which 5%+	100	(107)
"buyers only"	25	(29)
Declines	81	(48)
of which 5%–	25	(25)
"sellers only"	2	(5)
Unchanged	72	(99)
Trading Halt	49	(51)

Bond Market Trends:

Index-linked	
3% fully-linked	Stable/rises to 2%
4.25% fully-linked	Rises to 2%
80% linked	Slight movements
90% linked	Slight movements
Double-linked	Rises to 3%/falls to 1%
Dollar-linked	
Admon	Rises to 1%
Rimon	Rises to 1%
Gilboa	Rises to 3%
For. Curr. denominated	Stable
Treasury Bills (monthly yield)	1.44% to 1.59%

Arrangement yields:

IDB ord.	12.03%
Union 0.1	trading halt
Discount A	12.09%
Mizrahi r.	12.06%
Hapoalim r.	12.05%
General A	12.29%
Leumi stock	12.07%
Fin. Trade 1	10.81%

SELECTED PRICE QUOTATIONS

Name	Price	Volume '000NIS	% change
Commercial Banks (not part of "arrangement")			
Maritime 1	1258	15869	+10.0
General non-arr.	30200	300	–
First In'l	3581	9914	+4.7
FIBI	3498	5051	+2.0
Commercial Banks (part of "arrangement")			
IDB r	80120	484	–1.0
Union 0.1	no trading		
Discount	102100	292	–
Mizrahi	32950	335	–0.3
Hapoalim r	54400	458	–0.1
General A	138250	118	+1.8
Leumi 0.1	34550	1810	–
Fin. Trade	47200	–	+0.9
Mortgage Banks			
Leumi Mort. r	3880	376	–5.2
Dev. Mort.	980	1113	+5.3
Mishkan r	1910	574	+2.1
Tefahot r	11900	74	+4.8
Mezar r	2497	b.o.2	+5.0
Financial Institutions			
Agric C	34700	4	+0.1
Ind. Dev. DD	no trading		
Clal Leasing 0.1	8838	128	+5.0
Insurance			
Ararat 0.1 r	3706	b.o.1	+5.0
Hassneh r	2710	5646	–3.4
Phoenix 0.1	1265	1319	+7.1
Hamishmar	6310	222	+7.9
Menorah 1	6510	–	+5.0
Sahar r	4270	596	+15.0
Zion Hold. 1	12405	30	+0.9
Trade & Services			
Meir Ezra	4000	150	–
Supersol 2	4070	842	+1.2
Delek r	4515	2085	–
Lighterage	8335	b.o.1	+5.0
Cold Storage	1078	334	+10.0
Dan Hotels	3960	471	+10.0
Yarden Hotel	2878	332	–5.9
Hilon 1	11022	b.o.1	+5.0
Team 1	1650	657	+6.5
Real Estate, Building and Agriculture			
Azorim	3570	2905	–3.3
Eilon	1148	758	–
Africa Isr. 0.1	39000	193	+1.3
Dankner	3350	588	+3.7
Prop. & Bldg.	no trading		
Bayside 0.1	4250	386	+3.7
ILDC r	44400	238	–1.0
Rassco r	5523	b.o.1	+5.0
Mehadrin	5380	351	–
Hadarim	1142	4737	+3.6
Industrials			
Dubek b	3138	628	+2.3
Pri-Ze 1	2524	1779	–1.0
Sunfrost	5500	183	+2.3
Elite	13950	108	–2.1
Adgar	717	1644	–2.7
Argaman r	7246	533	+9.0
Delta G 1	4350	377	+2.4
Maquette 1	23880	28	+5.0
Eagle 1	8600	93	–0.2
Polgat 0.1	8015	695	–
Schoellerine	14900	169	–
Rogosin	3100	681	–
Urdan 0.1 r	8448	50	–1.2
Is. Can Co. 1	949	4471	–
Zion Cables	2000	1032	–6.1
Pecker Steel	4771	165	–10.0
Elbit 3 r	400000	5	–
Elron	385000	22	+2.7
Arit	30193	329	+5.0
Clal Electronics	2600	1711	+2.7
Spectronix 1	1814	1040	–
T.A.T. 1	3600	395	+4.3
Ackerstein 1	1380	655	–4.8
Agan 5	17838	58	–2.5
Alliance	1137	b.o.1	+5.0
Dexter	2900	232	–2.8
Fertilisers	10451	42	+10.0
Haifa Chem.	895	4060	+4.9
Teva r	50100	83	+0.2
Dead Sea r	13501	2807	+1.7
Petrochem.	356	28833	+2.9
Neca Chem.	3150	b.o.1	+5.0
Frutarom	9571	126	–
Hadera Paper	24502	34	–10.0
Central Trade	6050	502	–
Koor p	4770000	0	+0.8
Clal Inds.	1453	13727	–
Investment Companies			
IDB Dev. r	3618	2722	+1.5
Eilem	2755	1960	+3.8
Afik 1	no trading		
Gahelet	1287	110	–
Israel Corp. 1	6602	474	+10.0
Wolfson 1 r	68000	3	+6.5
Hapoalim Inv.	4010	741	+2.5
Leumi Invest.	4845	433	+5.0
Discount Invest.	2158	5086	+1.4
Mizrahi Invest.	15082	–	+5.0
Clal 10	2432	1562	–
Landeco 0.1	8100	39	+8.5
Pama 0.1	10114	364	–
Oil Exploration			
Paz Oil Expl.	10700	90	+4.4
J.O.E.L.	1185	914	–

Abbreviations:
s.o. sellers only
b.o. buyers only
b bearer
r registered

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Keep Israel Beautiful

BANKING DATA: ISRAEL, EUROPE, U.S.

Israel Money Markets March 23, 1986

SHEKEL INTEREST RATES
PRIME BORROWING RATE: 1.25% per month
Unlinked Deposit (Annual Rates)

	LAST UPDATED	TAPAS	PAKAM 7-DAY	PAKAM 30-DAY
LEUMI	23.3	8–13%	8–13%	8–13 %
HAPOALIM	13.3	10–12%	11–12%	12–12.5%
DISCOUNT	13.3	7–13%	7–13%	9–13 %
MIZRAHI	18.2	12–19%	12–20%	12–18 %
FIRST INT'L	12.3	6–13%	7–13%	6–13 %

Rates vary according to size of deposit.
(Tapas: demand deposit paying daily interest.
Pakam: fixed-term deposit available from 7 to 59 days.)

PATAH — FOREIGN CURRENCY DEPOSIT RATES (as of March 23)

	3-MONTHS	6-MONTHS	12-MONTHS
USD	6.875	6.785	6.075
STG	10.125	9.500	9.375
DMK	3.875	3.875	3.875
SFR	3.625	3.375	3.250
YEN	3.500	3.625	3.500

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES

COUNTRY	CURRENCY		CHEQUES AND TRANSACTIONS Purchase	CHEQUES AND TRANSACTIONS Sale	BANKNOTES Purchase	BANKNOTES Sale	BANK OF ISRAEL Representative Rates
U.S.A.	DOLLAR	1	1.4798	1.4882	1.46	1.53	1.4880
GREAT BRITAIN	STERLING	1	2.2190	2.2466	2.18	2.29	2.2320
GERMANY	MARK	1	0.6577	0.6659	0.65	0.68	0.6613
FRANCE	FRANC	1	0.2137	0.2163	0.21	0.22	0.2150
HOLLAND	GULDEN	1	0.5827	0.5900	0.57	0.60	0.5859
SWITZERLAND	FRANC	1	0.7838	0.7933	0.77	0.81	0.7880
SWEDEN	KRONA	1	0.2064	0.2090	0.20	0.21	0.2073
NORWAY	KRONE	1	0.2084	0.2110	0.21	0.22	0.2096
DENMARK	KRONE	1	0.1782	0.1804	0.18	0.19	0.1791
FINLAND	MARK	1	0.2846	0.2882	0.28	0.29	0.2929
CANADA	DOLLAR	1	1.0555	1.0686	1.04	1.09	1.0616
AUSTRALIA	DOLLAR	1	1.0551	1.0682	0.99	1.09	1.0017
SOUTH AFRICA	RAND	1	0.7133	0.7221	0.60	0.66	0.7162
BELGIUM	FRANC	10	0.3159	0.3198	0.31	0.33	0.3229
AUSTRIA	SCHILLING	10	0.9363	0.9479	0.92	0.97	0.9422
ITALY	LIRE	1000	0.9656	0.9776	0.95	1.00	0.9710
JAPAN	YEN	100	0.8408	0.8513	0.83	0.86	——
JORDAN	DINAR	1	——	——	4.07	4.32	4.1515
EGYPT	POUND	1	——	——	0.80	0.85	0.8407

SUPPLIED BY BANK LEUMI

European Financial Markets

Precious Metals

GOLD:	LONDON	A.M. FIX	351.35	P.M. FIX	352.90
	PARIS	NOON FIX	353.02	ZURICH P.M.	353.00
SILVER:	LONDON	FIX	574.25		
PLATINUM:	LONDON	P.M.	428.60		
PALLADIUM:	LONDON	P.M.	115.10		

FOREIGN CURRENCY CROSS RATES (London 15.30GMT)
Forward Rates

	SPOT	3 MTHS	6 MTHS	12 MTHS
DEUTSCHE MARK	2.2470/85	117/112	172/167	332/322
POUND STERLING	1.5030/40	98/96	133/130	220/215
SWISS FRANC	1.8785/00	113/105	163/155	330/320
JAPANESE YEN	176.00/10	58/56	89/86	183/179
FRENCH FRANC	6.9170/00	975/1075	1275/1375	1750/1850
ITALIAN LIRA	1531.25/00	2850/3000	5575/5775	5900/6100
DUTCH GULDEN	2.5375/85	89/85	126/123	247/239
BELGIAN FRANC	46.015/030	22/26	29/341	39/45
DANISH KRONE	8.2940/65	25/75	25/75	50/150
S.AFRICAN RAND	0.4808/18	36/31	48/43	80/70
EUROPEAN CURR. UNIT	0.9628/32	30/26	42/37	43/35
FINNISH MARK	5.0835/55	240/280	335/385	650/750
AUSTRALIAN DOLLAR	0.7133/40	122/118	173/168	317/311
NORWEGIAN KRONE	7.0900/50	680/700	1000/1020	2020/2050

Formula for determining forward rates:
high/low (eg. 220/210) — deduct from spot price.
low/high (eg. 210/220) — add to spot price.

New York Financial Markets

WALL STREET Closing Prices

Dow Jones Indices

IND	1,771.07	–33.17
TRANS	803.85	–8.22
UTILS	184.60	–0.05
STOCKS	695.98	–9.63
NYSE COMP	134.83	–1.30
NASDQ COMP	372.59	–0.12
S–P INDEX	222.30	–4.17
S–P COMPOSITE	233.57	–2.97
AMEX INDEX	270.95	+3.63

NYSE Highest Volume

ATT	22⅞	–⅛
DET ED	17⅝	–⅜
COMW ED	33½	–⅜
PHILIPS PE	10⅛	–¼
GENSTAR	40	+5¾
MID-SO UTL	12½	+½
MORGAN STA	71⅜	unch.
JHSN+JHNS	54½	½
EAST KODAK	59¾	¼
CAN-PACIF	14¼	–⅛

Statistics

NYSE	VOL 164,496,980	STOCKS UP 797	DOWN 845	
NASDAQ	VOL 161,441,000	STOCKS UP 1150	DOWN 905	

Comment

WALL STREET STOCKS DIP AS FUTURES TRIGGER SALES: NEW YORK, March 21 — Stocks skidded lower as unwinding of futures-related positions accelerated a decline, traders said.

Prices slumped from the highs earlier as rumours spread that Fed Vice Chairman Preston Martin would announce his resignation at a scheduled press conference, they noted.

Dow Industrials slid 11 points to 1794, after going as high as 1813 earlier. Declines led advances by an eight-seven margin with 130 million shares traded.

ISRAELI STOCKS Traded in New York:

NYSE and ASE

	Last	Prev. Close	High	Low	Vol ('00s)
Alliance	2⅜	2¼	2⅜	2⅜	15
Am Isr Pap	10⅜	10⅛	10½	10¼	26
Ampal	2½	2⅜	2½	2⅜	150
Elscint	2⅞	2⅞	3	2⅞	146
Etz Lavud	15	15¼	15⅛	14⅞	18
Laser Inds	14¾	15	14⅞	14½	273

Over the counter

	last	bid	ask		last	bid	ask
Bank Leumi	–	21	23	Interpharm	–	4¾	5¼
Elbit	7⅞	7¾	8	Optrotech	10	9½	10¼
ECI Tel.	6½	6½	7¼	Rada	–	10⅛	10⅝
Elron	8	7¾	8	Scitex	7⅝	7⅝	8
Fibronics	13⅝	13⅝	13⅞	Taro-vit	3¾	4	–
IDB Bank	–	–	–	Tevapharm	–	3¾	4⅛
IIS	–	–	–	SPI	7⅝	6¾	7⅝

U.S. Money Rates

Prime 9.00%; Broker 8.25% to 8.50%; NY Euros 3 months. 7½ to 7⅜%; Fed Funds last 7 1/16%

New York Foreign Exchange

	DMK	SFR	STG	YEN	CAN
YESTERDAY'S CLOSING	2.2526/35	1.8895/10	1.4970/80	176.10/20	1.3990/95
OPENING	2.2490/00	1.8865/75	1.5005/15	176.00/10	1.4015/20
LATEST	2.2430/45	1.8740/60	1.5170/80	176.05/15	1.3965/70

Comment

STERLING CLOSES NEAR DAY'S HIGH.

Opec's intention to restore oil prices to $28 a barrel kept sterling near the day's highs, as did high real British interest rates and a booming stock market. Speculation that Fed Vice Chairman Preston Martin would announce his resignation later today failed to help the dollar.

Overseas financial data – from Reuters exclusively to *The Jerusalem Post*.

THE ISRAEL ECONOMIC AND BUSINESS REVIEW 1985

The Israel Economic and Business Review is the most comprehensive source of economic and commercial information and analysis of the Israeli economy available in English.

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Pressing Gaddafi

IS SNARING Muammar Gaddafi into a self-destructive military response to the crossing by U.S. vessels and jets of his vaunted "line of death" at the entrance to the Gulf of Sirte, worth the attempt?

Yes it is, and never mind that Washington describes the Sixth Fleet maneuvers off the Libyan coast as strictly routine and not meant to provoke the Libyan ruler. The Gulf of Sirte is itself worth making an issue of: its proclamation, on October 9, 1973, as "internal waters" of the Libyan Arab Republic was Gaddafi's earliest exercise as an international brigand. Had the challenge been met head-on at the time, Libya might just possibly not have turned into the threat to civilized humanity it is now.

But at the time U.S. attention was focused on other, apparently more urgent matters, even in the eastern Mediterranean, and the opportunity was let pass.

The fact remains, however, that the Gulf of Sirte does not meet either the standard semicircularity test or the 24 nautical miles closing limit required of a legal bay by the 1958 Convention on the Territorial Sea. And the Gaddafi claim, in the 1973 Proclamation, that it is an historic bay, in which the Libyan Arab Republic has exercised its sovereignty "through history and without dispute" is bogus at its purest. The claim had not been disputed because it had never been asserted.

Whether the assertion of the U.S. right to enter the gulf without the prior consent of the Libyan authorities will, at this late date, be enough to clip Gaddafi's wings and put him in the place his desert domain warrants, is another question. The economic sanctions imposed by President Reagan on Libya last February, in retaliation for Gaddafi's support of the terrorists who had attacked the Rome and Vienna airports, have proved to be ineffective, and it is doubtful whether a decision to heed the reported Soviet warning against employing his Soviet missiles will be fatal to the colonel.

While predicting Gaddafi's behaviour is risky, it is not inconceivable that he will engage in a tactical withdrawal, with his tail between his legs, but present it as a contribution to world peace.

Gaddafi's reputation has lately sunk pretty low even in those circles where he used to be thought of very highly – the Cubans, it is said, have been turning their noses up at the Nicaraguans for an excess of amity with the Libyans. But mere bad odour will not finish Gaddafi, nor will a tactical retreat in the face of overwhelming U.S. military power. Only a concerted quarantine, both economic and diplomatic, by the West, of the malefactor will do so.

This need not require an armed invasion, the kind Gaddafi has repeatedly visited on neighbouring Chad, nor the promotion of internal subversion, which he has practised all over the world, from Ireland to the Philippines.

A boost

IN THE PREVAILING uncertainty about the country's economic future and the self-doubt that pervades economic policy, the sale of the First International Bank has been rightly hailed as a vote of confidence in Israel, and so characterized by the purchaser, Jack Nasser.

The bank went to the highest bidder, but it is perhaps not without significance that Mr. Nasser's vote of confidence in Israel's economy was shared by three other groups of Jewish investors from abroad, even if they did not, for commercial reasons, match Mr. Nasser's offer. The sale shows that when Israel can offer a profitable enterprise, it can attract foreign investment – at least from Jews whose attachment to Israel induces them to accept and share political and security risks that deter investors who are not comparably involved.

Not the least – indeed, the decisive – factor in the sale of the First International Bank was that, despite its history of ownership changes, it had for years been managed as a solid bank should be managed. Under Zadik Bino, it was the only one of Israel's five leading banks to resist – even against pressure by the controlling interests in 1979-1980 – the temptation to manipulate its own shares.

The transfer to Mr. Nasser of the controlling interest from the Danot investment company – which went into voluntary liquidation as the biggest flop of private enterprise in Israel's economic history – still has to be approved by the court. But Mr. Nasser's decision not to assume the chairmanship of First International's board has already indicated that he intends to keep the bank on its solid course, and to abide by the limits laid down by the Bank of Israel after the bank had changed hands three times.

Welcome as Mr. Nasser's $21 million investment is, it should nevertheless be kept in mind that it does not add any real assets to the economy or to its growth.

The proceeds will marginally augment the foreign currency reserves, but their direct use will be to pay off Danot's debts to Bank Leumi and Bank Hapoalim; they will not provide a single new workplace, nor add a single dollar to our exports. In this, it recalls the last significant foreign investment in Israel – the acquisition for $19 million, by Aryeh Genger, of the controlling interest in Haifa Chemicals.

Foreign investment that bails out failing enterprises like Danot is certainly better than their rescue by the government, at the taxpayer's expense, and it saves existing jobs. But the economy's hope for growth lies in *new* jobs, *new* technologies, *new* productive assets. Sales of existing enterprises will contribute little to any of these.

ROTATION

(Continued from Page One)

coalition agreement, the government will not last for one moment longer," he said.

Baram supported Peres's stand. But, he said, "If it turns out that, while signing an agreement with Shamir, we are putting Sharon in power, there can be no room for such a government."

Sarah Honig adds:

Shamir and his rival for the Herut leadership, David Levy, met for nearly an hour yesterday, in an effort to find a formula for reconvening the party convention.

Sources close to both Shamir and Levy told *The Jerusalem Post* that the two planned further meetings to heal the rift in Herut.

Herut sources insist that the anti-rotation mood in Labour had not introduced any sense of urgency about ending the divisions in Herut.

The sources told *The Post* that they had taken heart from Peres's defence of the rotation agreement. One said, nevertheless, that it would be good "if it were possible to hold the second Herut convention session before Labour's convention."

Meanwhile, the Liberals say they are growing increasingly irate that the merger of the two Likud components has not yet been ratified by Herut.

SHARIR

(Continued from Page One)

Office have confirmed that the two met, but said that the meeting was on "ministerial matters." They claimed to have no knowledge of an offer by Sharir to join a narrow government.

In speculation about Liberal MKs who could form the breakaway faction with Sharir, only MK Benny Shalita has been mentioned in Labour circles.

Sharir's fear that the merger with Herut will not take place appears well-founded. Sources associated with Deputy Premier David Levy told *The Post* that the merger "is dead for a long time to come."

If Herut were to divide formally into three separate camps, the Liberals, with one-third of the combined Likud Knesset list, would constitute the largest faction in the new combined party.

Sharir and MKs who are potential members of a breakaway group are a rival faction in the Liberals, opposed to party leader Finance Minister Yitzhak Moda'i.

Hampering initiative

STEF WERTHEIMER

IN AN Independence Day interview last spring with *The Jerusalem Post*, Prime Minister Shimon Peres was quoted as saying, "Science and technology are not merely one aspect of economic life; rather, the whole country must be based on them." Such sentiment is echoed by virtually every other minister in the national unity government. But the government's deeds are kilometres away from our public servants' words.

The most important way to encourage the proliferation of successful, high-tech companies is to offer support to private enterprise in general, for it is private, entrepreneurial activity, including that of the kibbutz sector – i.e., all activity outside of the purview of the government – which provides the profit, or return on investment, which is the backbone of economic well-being.

The Nahariya-based firm Iscar Ltd. with a current turnover of some $120m. from exports of precision cutting tools to the U.S., Europe and Japan, has devoted enormous financial and human resources to the development of the Tefen Entrepreneurs Industrial Park – Entrepark – an "incubator" for high-tech start-ups in Western Galilee.

There are presently 11 young, independent, science-based enterprises at the Tefen Entrepark. They are working to develop high-tech products to be exported worldwide. They came to Galilee seeking a better quality of life for themselves and for their children, a place where creative energy may flourish, bringing innovation to their workplaces. They represent all that Israel was created for; they are young and energetic; and as they build their businesses, they will be "built," just as were the earlier generations in this country.

And what are these young entrepreneurs asking of the government? A simple, modest request: "Leave us alone! Don't ask us for anything and rest assured that we will ask little of you. Allow us to succeed, bringing jobs and prosperity to Israel."

BUT one thing the export-oriented start-ups at Tefen (and Koor and Gal as well) could use is a decent road to Carmiel. A road which will provide for the efficient movement to port of products destined for export, since meeting shipping deadlines can make or break a seller-buyer relationship. A good road is essential to an adequate infrastructure for the modern pioneering industries in Galilee. (One successful export firm brings in enough money from abroad to pay for many such roads in Israel.)

It seems basic, straightforward and simple. Shimon Peres, like Yitzhak Shamir and Menachem Begin before him, made a personal commitment to the development of such an infrastructure. But I can tell you that the fight for this one road continues to this day, with no end in sight. This is a case of sheer negligence.

But this negligence pales in comparison to the discrimination practised by our Zionist "Let's get the economy back on the track" government. For example, when foreign investors establish a facility in Israel, the new company enjoys tax relief in proportion to the amount of the foreign investment. The greater the non-Israeli equity, the greater the tax break. It is even possible, as a matter of policy, for a foreign firm locating in Israel to enjoy total corporate tax exemption for the first ten years of operation.

These incentives are important. Foreign investment brings much needed capital, technology, scientific infrastructure and jobs to Israel. Tax reductions not only help attract foreign corporations to Israel, but more importantly also help them to succeed.

However, in starting up, young Israeli companies face the same, hard business realities that the foreign investor does. Cash flow requirements are acute during the first crucial years of a high-tech undertaking. Every possible resource must be devoted to the research, development and marketing of a viable product. Unfortunately, the Israeli firms are forced to jeopardize their very existence by diverting an absurd amount of hard earned capital in taxes to a government that can't even build a road. Don't young Israeli entrepreneurs deserve to function under the same conditions granted to non-Israeli corporations? The Ministry of Industry and Trade, however, continues to discriminate against Israeli entrepreneurs, giving special privileges to foreigners only.

The third component of our government's effort to diminish the private sector (the first two being negligence and discrimination) is that it actually punishes success. These high-tech start-up firms must compete with the world's most advanced corporations, and in this struggle, they require some financial flexibility, which other nations accord their innovative enterprises. In Israel, however, by government decree the Bank of Israel exerts undue control over an exporter's financial assets. Even if you are succeeding and are not "in need," the Bank of Israel wants to handle your business for you. Prime Minister Shimon Peres has reneged on his promise to ameliorate this situation.

THE GOVERNMENT persists in compounding the problems of these start-up firms with not only corporate taxes, but also with excessive taxes on their workers' income. Every tax shekel to the government represents one less shekel that could pay for the development of new and better products, the expansion of overseas markets and incentives in the form of higher salaries. Because they are "private" activities, both the Entrepark at Tefen and the adjacent residential community of Rosegarden City are left out of the government's development programmes.

As private undertakings, they do not fit into the list of the "needy" in Galilee. The Entrepark is only a stone's throw from the paired development town entities of Ma'alot Tarshiha, yet start-up companies at Entrepark must pay higher taxes than industries situated in Ma'alot-Tarshiha, since both villages receive all of the government incentives being given to "struggling" development townships. In fact many Ma'alot-Tarshiha residents work in some of the Tefen start ups, enjoying a commute of only five minutes.

Yet the government, through the higher taxes it imposes only on the Tefen area, is stunting this new growth and eliminating hopes for a better quality of life for those who provide an important physical presence on our northern frontier. Although industries at Entrepark were promised the same tax rate as applies to its close neighbours (as first applied to Ma'alot and a year later to Tarshiha), today Tefen remains the only place in the northern border area still burdened with a stifling, repressive tax rate. Alas, as with many of his other promises, the prime minister chooses not to follow-up with implementation. All of this higher taxation ultimately destroys growth, and increases unemployment in Galilee, because the new jobs which the start-ups would inevitably create, may have to be sacrificed.

Actually, our government endlessly engages in "helping" companies that are not making it. Ironically, this very behaviour brings about results opposed to what should be its aims. By penalizing new, start-up activity and its young managers, the government virtually ensures that eventually even those in the vanguard of the private sector may also require the government to bail them out. It becomes a self-fulfilling prophecy.

But this is exactly what the younger generation does not want. Our young entrepreneurs want to stand on their own feet, not having to depend on anyone. All they ask is a fair shake in building their companies and exporting their products all over the world.

If Israel is going to progress in the future, our people and our government must come to understand that private enterprise and private, export-oriented industries – in contrast to companies under government management, are the best, most effective tool, and thus our greatest hope to create a mature Israel that will emerge as an attractive country, one which our youngsters – Israel's future – can be proud of, a good home that they will not willingly leave.

(The writer is an industrialist, founder of Rose City, and a former MK.)

Memories of Vienna

CALEV BEN-DAVID

THE CURRENT controversy over Austrian presidential candidate Kurt Waldheim's war-time role in Yugoslavia during the deportation of Jews to the camps threatens to raise a hornets' nest of bad memories and feelings of ill will for Austrian Jewry.

There has already been a strong backlash against the efforts of the World Jewish Congress to uncover the truth, and Waldheim has received vocal support from fellow Austrians who feel he is the victim of a "smear campaign".

This may be a worthwhile time for all concerned to recall the character and fate of the Jews of pre-war Vienna, who may have been, with the exception of present day New York, the most cosmopolitan, talented, and urbanely assimilated Jewish community in the history of the Diaspora. The seething intellectual and cultural ferment of *fin-de-siecle* Vienna was able to produce Jewish geniuses as diverse as Freud, Herzl, Mahler and Schnitzler.

My interest in the subject is highly personal; my stepfather, who fled Vienna in 1939 two weeks after the Anschluss (unification) with Nazi Germany, was very much a part of that world. A true Viennese, he retains his love for the city of his birth, travelling there every few years from New York to visit old friends who had returned after the war. For him these trips are an opportunity to relive the past in the cafes, wine gardens, and theatres he frequented in his youth.

TWO YEARS ago I joined him on one such trip, and he decided to break precedent by returning to his old family apartment for the first time in 45 years. As we walked through his old neighbourhood, past the gymnasium, the school, where he had spent his adolescence, he grew misty-eyed in sentimental recollection. But there were other memories, harsher memories, that had stayed more vivid in his mind.

He told me, "I remember after the Anschluss, we were told that all the Jews would have to go and register, and my father had to come to this gymnasium. He had to stand in a long line, and at the end of the line sat an official behind a desk, and standing behind him a man in uniform, a member of the Austrian Nazi party.

"When my father handed the official his papers, this man looked at them, and he asked my father, 'You are Herr Haber?' Now my father was a very proper man, a Viennese gentleman, not a ghetto Jew, and in the formal German tense one does not simply say 'hello;' one should say, 'Whom do I have the honour of addressing?'

"So my father said, 'Yes, I am Herr Haber. Whom do I have the honour of addressing?' And the man in uniform looked at my father and said to him, 'A Jew has no honour.'

"That night when my father, who had won the medal of the Hapsburg Eagle in the First World War, came home, he said to me, 'Henry, now we must go.' "

AS WE climbed the stairs of his apartment building together, he recalled in detail the differing attitudes, from sympathetic to hateful, of his old neighbours. The daughter of the same family that had rented the apartment from his father in 1939 still lived there. She recognized the name and warmly invited us inside.

Back in his old bedroom, my stepfather gazed out the window at the view he had grown up with: the Prater, Vienna's famed amusement park, dominated by a giant ferris wheel, a symbol of the city's gaiety. But for him it held a far different significance; he spoke to me of the day he had looked out and seen Hitler's motorcade coming through the Prater, and saw the *Fuerher* himself quite clearly in his open touring car.

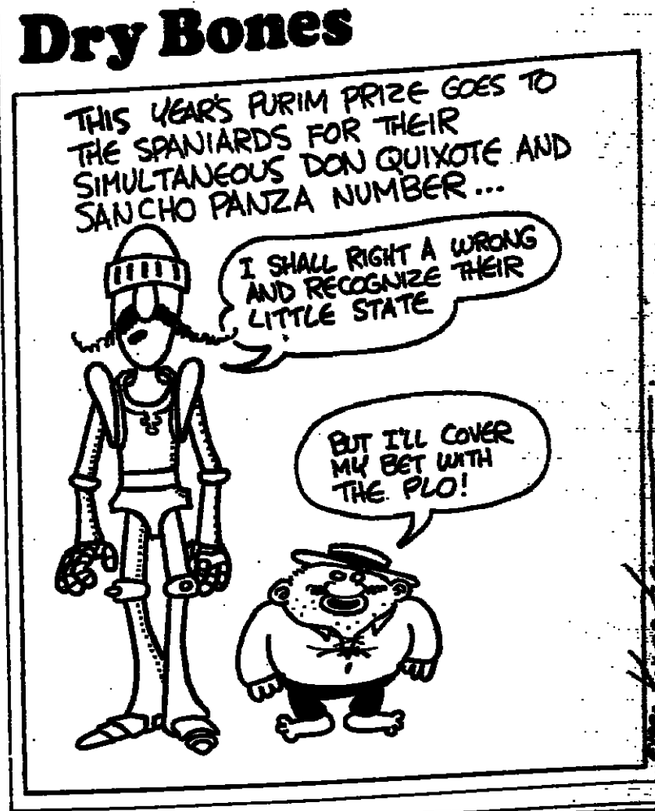
My stepfather is a deeply cynical man, perhaps of the same cynicism that led Herzl to write; "There is nothing more futile than efforts to 'combat' anti-Semitism; they even have a comical effect."

No doubt he is amused by the furor the Waldheim affair has created and expects the final result of it to be a guaranteed victory for the ex-UN secretary general in the upcoming election. It was surely this cynicism that enabled him to sit with me later that day in a wine garden and sing sentimental songs of his beloved "Wien."

As for me, I was left to wonder how he had lived with the memory that for so many of his family a gay Viennese waltz had turned out to be a grim dance of death.

The writer is a journalist who works for the Zionist movement Telem.

Dry Bones



READERS' LETTERS

REFORM CONVERT

To the Editor of The Jerusalem Post

Sir, – My wife is another example of the Ministry of Interior refusing to register a Reform convert as a Jew in contradiction to the Law of Return. She satisfied all requirements for conversion, and we provided the ministry with complete documentation. We presented them with the letter of conversion from Rabbi Morrison Bial, and a letter from Hebrew Union College which established that Rabbi Bial was ordained by them. My wife foreswore allegiance to any other religion in front of at least 100 Jewish witnesses, and has been to the *mikva*.

Before making aliya, we asked both the Israeli consulate in New York and the Embassy in Washington whether a Reform convert was a Jew under the Law of Return. Both answered affirmatively.

The ministry will provide no reason for the refusal to register my wife as a Jew, other than saying it must be approved by the rabbinate, which is an outright lie.

To Mr. Peres and Mr. Shamir I turn to ask: is the Law of Return the law, or isn't it? You know perfectly well the ministry is violating the law, and because you are politicians, not statesmen, you permit the violation.

To Rabbi Peretz I say: If, God forbid, there is another war, it will be my wife volunteering at the hospital 24 hours a day, and it will be my body between Syrian tanks and your wife and children, while your haredi friends are hiding under the bed, in Brooklyn. You see, Rabbi Peretz, unlike your friends in Brooklyn, we believe that Jews belong in Israel.

DENNIS TURNER

Jerusalem.

SUBSIDIES AND PUBLIC TRANSPORT

To the Editor of The Jerusalem Post

Sir, – Most experts are agreed that perpetuation of subsidies is bad for the economy. For one thing, they are given to rich and poor alike and further, they encourage waste, viz. the large quantities of bread which end up in rubbish bins.

However, the general rule on subsidies should not apply in the case of public transport and the long-term effects of more expensive public transport have to be looked at from a much broader point of view.

Good public transport systems in many advanced countries have been steadily dismantled in fruitless attempts to make them economically viable. Higher fares reduce usage, resulting in even lower income requiring further fare increases. The resultant reduction in public transport available, as frequency of journeys and variety of routes are cut down, leads to increasing use of private cars or taxis, causing higher overall consumption of imported oil, more atmospheric pollution, greater traffic problems, increase in road accidents and generally higher net costs to the national economy.

The government should therefore take steps to maintain good public transport in the long-term interests of the country, even if this has to be done at the expense of the private motorist.

J. SIMONS

Beersheba.

INTERNATIONAL BRIGADE VETERANS

To the Editor of The Jerusalem Post

Sir, – The Spanish war against fascism was the prelude to World War II. Of the 40,000 volunteers for liberty from 50 countries, about 300 came from the area between the Jordan River and the Mediterranean Sea – Jews, Arabs, Christians.

A "Grove of Peace and Friendship International Brigade, 1936-39" has been planted on the western slopes of the hills of Jerusalem in honour of thousands of Brigade veterans and will be officially opened on July 17. We appeal to your readers, in Israel and abroad, to furnish us with the names and present whereabouts of any Brigade veterans, so that we may plant trees in their honour.

SALMAN J. SALZMAN,
Secretary,
Israel Association of Volunteers of the International Brigade in Spain (1936-39)
POB 17071

Tel Aviv.

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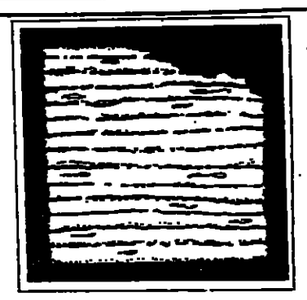

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